FINANCIAL TIMES

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Old-fashioned Christmas trees make a comeback

BY ANDREW GOWERS

ALONG WITH real ale, natural food and the good life, the old-fashioned real Christmas tree is making something of a comeback.

Sales of Christmas trees—both home-grown and imported—have been booming over the last couple of years, and growing and selling them is becoming big business for hundreds of farmers, foresters and traders.

This year, the British Christmas Tree Growers' Association, the main representative body for the industry, reckons that more than 4m trees will have been sold, with an estimated retail value of more than £20m. That compares with sales of only about 2.5m trees a year in the late 1970s.

What is more, everybody involved believes that the market has tremendous potential for expansion. Per head, the British still buy fewer trees than the Americans and considerably fewer than the Germans—who, after all, gave Britain the habit in the first place.

"There's been a big swing into natural products," says Mr Peter Heyes, who runs a large wholesaling business involved in fruit, vegetables and nuts as well as Christmas trees.

Mr David Jardine, a Marketing official with the Forestry Commission, agrees. The Government-owned forestry body is the larges single producer of Christmas trees in Britain, witht annual sales of about 250,000, both through its own retail depots and through wholesalers.

It is all a far cry from the post-war years, when the growing and marketing of trees was simply not geared up for mass, and increasingly discerning demand.

"It was always very much a hit and miss affair in a very cyclical market," says Maj Gen Tony Richardson, secretary of the Christmas Tree Growers Association. "Most of the items sold as trees were poor-quality thinnings and tops."

The nadir was probably reached about 10 years ago. Artificial trees were making great inroads into the market, stimulated by growing public disenchantment with the tendancy of real ones to drop their needles, particularly in centrally-heated homes.

In addition, a shortage of home-grown trees — exacerbated by a drought in 1976—opened the door to a flood of imported trees, particularly from Belgium, whose Ardennes region is said to provide near-ideal growing conditions.

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How yuppies cope, Page 2
Far from trivial pursuit, Page 4

WORLD NEWS

Drugs bill to take profits of dealers

The Government yesterday published its controversial drug trafficking bill, making it an offence to "launder" the proceeds of trafficking.

All a trafficker's assets would become liable to confiscation. The proposals shift the burden of proof to the accused and require banks and the Inland Revenue to give information to the police about suspects and anyone suspected of knowing about their drug activities. Page 4

Drugs dealer Thomas Comerford was jailed for 14 years at the Old Bailey for masterminding an international narcotics ring in Liverpool.

Gunmen surrender

Three gunmen surrendered to police in Nantes, France, after taking judges from a court as hostages during a trial for armed robbery and escaping to an airport.

Bhopal claim rejected

India rejected Union Carbide claims that last year's Bhopal gas disaster was caused by sabotage, and published a report blaming poor plant design and maintenance. Back Page

Baby food withdrawn

The Health Department advised mothers to stop using Oster infant milk products after reports of salmonella infections in babies. All have been withdrawn from shops. Page 3

Fraser libel case

Former Lazard Brothers chairman Ian Fraser received "handsome" libel damages after the Daily Mail published his photograph in an attack on a JMB director with the same name.

Discrimination warning

Short Brothers, the state-owned Belfast air company, was warned officially about the low level of recruitment of Roman Catholic staff. Page 4

Six fishermen drown

Six fishermen from the Scottish villages of Whitehills and Banff died when their trawler hit rocks and sank off northwest Scotland.

EEC budget battle

EEC member states decided to take the European Parliament to court for approving a bigger budget than Finance Ministers had agreed to. Page 2

Solidarity man detained

Polish Solidarity activist Jacek Szymanderski was put in custody for up to three months for campaigning for political prisoners, his daughter said.

Refugees die in Lesotho

Nine people, believed to be South African political refugees, were shot dead by commandos in Lesotho. South Africa denied it was responsible. Page 2

Iraq plea to UN

Iraq asked the UN to prevent whatp it called an imminent Iranian attack in the Gulf War.

Wilander wins

Mats Wilander put Sweden into the lead in the Davis Cup tennis final, beating Michael Westphal (West Germany) 6–3, 6–4, 10–8. Weekend FT, Page XII

TV football deal

The Football League agreed with the BBC and ITV companies to return football to the TV screen on January 5 after a five-month gap. Page 3

Clearing the air

Oslo airport said 3,500 weapons had been confiscated by security staff in the last six months, including several grenades and an anti-tank missile.

BUSINESS SUMMARY

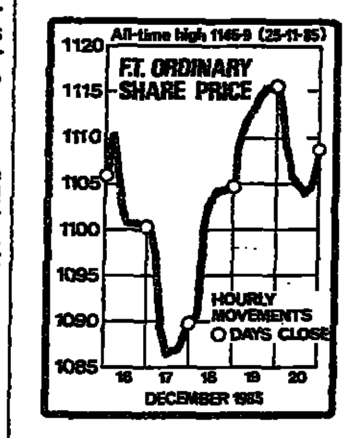
Burnett & Hallamshire rescue plan

BURNETT & Hallamshire, the coal and property group which became a stock market high-flier in the late 1970s with a venture into international energy, reported pre-tax losses of £125.6m for the year to March.

It announced plans for a restructuring intended to ward-off receivership. Back Page and Lex; Details, Page 8

TEXACO and Pennzoil, US oil groups, are trying to negotiate a settlement over the $11.1bn (£7.8bn) damages award made in Pennzoil's favour last month. Page 9

EQUITIES trading in London was subdued in advance of Christmas. Blue chip issues rallied on news of Wall Street's



early strength and the FT Ordinary Share Index recouped some of the day's loss to close 6.3 points down at 1108.6. On the week it was 2.7 up. Page 12

LLOYD'S: Over 1,500 underwriting members, hit by £130m of insurance losses, were told they have grounds to sue various parties. Back Page; Financial markets regulation Page 3

US Commerce Department's flash estimate of fourth quarter GNP appeared to dash White House hopes of a strong resurgence in the economy in the second half of 1985. Back Page

UK economy, which had been buoyant in the first half of 1985, stalled in the third quarter when there was no increase in output. Page 3

TUC told the printing and electricians' unions not to sign a single-union deal sought by News International for its east London plant. Back Page

FOREIGN companies setting-up operations ni Ulster generally agree to negotiate with a single union, a survey by the Labour Relations Agency shows. Page 5

LATIN AMERICA faces social instability if economic strategies are not changed, the UN Economic Commission for the region warns. Page 3

POST OFFICE pre-tax profits rose by 58 per cent to £52m in the six months to October 2. The monthly volume of mail carried is close to the record levels of the 1960s. Page 4

INTERNATIONAL Tin Council adjourned until January 14 to give time for fresh proposals to emerge over settling its debts. Page 3

BRITISH STEEL said a further 460 jobs would be cut at its loss-making tube plants in Scotland. Page 3

BURTON Group's 10 directors were paid a total of £2.368m in the year to August. This compared with £1.679m for 11 directors the previous year. Page 8

BHP, Australia's largest company, reported record half-year net profits of A$586.8m (£279.4m), against A$367m. Page 19

GUINNESS PEAT's £284m bid for financial services group Britannia Arrow was called inadequate by Robert Maxwell and fund management company MIM. Both hold stakes in Britannia. Page 8

European solution set out for Westland

BY LIONEL BARBER AND BRIDGET BLOOM

A CONSORTIUM of five European aerospace manufacturers, led by GEC and British Aerospace, revealed last night their new £73m rival rescue plan for Westland, Britain's sole helicopter-maker.

The consortium, which also includes Agusta of Italy, MBB of West Germany and Aerospatiale of France, described the deal as a "British rescue," and said it was better than the Sikorsky-Fiat plan backed by the Westland board earlier this week.

The European plan, agreed after a day of hectic negotiations, contained what the consortium said was an improved financial offer to Westland shareholders and a reformulation of the commercial terms covering manufacturing and sub-contract work.

It was spelt out yesterday that Aerospatiale would withdraw some 350,000 man-hours now available to Westland if it concluded an agreement with Sikorsky, the US helicopter-maker and subsidiary of UTC, United Technologies. According to the consortium this would result in a net loss of 750,000 man-hours for Westland's workforce.

Under the consortium's financial proposals British Aerospace and GEC would put up a total of £13m; the Europeans offer £8m each for a total 29.9 per cent stake.

Coupled with a rights issue to existing shareholders and conditional on Westland's bankers, National Westminster and Barclays, agreeing to take part in the rescue, the plan would inject £73.1m into Westland's balance sheet.

This compares with a £72.2m rescue package from UTC/Fiat to which the banks agreed last Thursday.

Under the plan the consortium would subscribe to new share capital raising a total of £37.1m through preferred ordinary shares at 65p a share and redeemable preference shares. A two-for-five rights issue at 55p a share to existing Westland shareholders would raise £13m, while conversion of bank debt into preference capital would raise £23m.

At the same time as the rights issue Westland would issue shareholders who took up their rights with warrants to subscribe at 85p a share on a two-for-five basis at any time until December 1986.

On a full conversion by all parties, this would give existing shareholders 63 per cent of the equity, with the Europeans holding 21 per cent, said Mr David Horne, managing director of Lloyd's merchant bank advising the Europeans.

Mr Horne said last night: "I hope that the Westland board will look at this proposal and see it is very much better than the one they have agreed to."

Mr Marcus Agius, director of Lazard Brothers, advising Westland, said: "We will study the proposal carefully but the company is underpinned by the Sikorsky deal."

This week Westland declared a pre-tax loss of £95m for the year ending September. Sir John Cuckney, the chairman, said the company had been "perilously close" to receivership.

Mr Hoare said he intended to put the new European plan to shareholders. If the Westland board felt unable to recommend

Continued on Back Page

Nigerian army coup plot foiled

BY MICHAEL HOLMAN

NIGERIA'S military government appeared in control last night, following the disclosure yesterday that an army coup plot had been foiled.

Sketchy details of the first known plot to overthrow Major General Ibrahim Babangida, who took power when he ousted Major General Muhammadu Buhari last August, were given at a Lagos Press conference by General Domkat Bali, the Minister of Defence.

"A number of military officers have been arrested for attempting to overthrow the federal government," he said.

According to western diplomats in the capital, the coup plot was pre-empted when the government arrested an unknown number of people during the 48 hours preceding the disclosure. Lagos, they said, was calm and there were no reports of unrest from other centres.

General Bali attributed a variety of motives to the plotters. He said they had opposed the government decision earlier this month to break off negotiations for a $2.5bn (£1.75bn) loan from the International Monetary Fund (IMF); resented the continuation in office of certain officials from the former military government; and believed the Babangida adminstration had taken too liberal a stand on human rights.

General Bali's claim about the IMF was being treated cautiously and with some scepticism by observers last night. The government's decision to reject an IMF deal, they pointed out, followed a national debate on the issue which revealed overwhelming opposition to the fund's terms.

Such a deal is seen by many economists and western bankers as essential to the recovery of an economy severely hit by the slump in world oil prices.

Oil exports account for over 90 per cent of Nigeria's foreign exchange earnings. An agreement with the fund is a precondition to a $600m World Bank structural adjustment loan, and the rescheduling of some $2bn in insured trade arrears.

After early indications that he was in favour of an IMF deal, President Babangida found that national sentiment was running strongly against the fund's conditions, which include a substantial devaluation of the Naira. In a radio broadcast last week, the president said Nigeria should face its economic problems with assistance from the IMF.

An alternative explanation of the coup plot was given last night by observers close to the government, who believe the plotters included supporters of Major General Tunde Idiagbon, a leading figure in the Buhari administration who was detained following the August coup.

General Idiagbon, who has ties through family links with both the Hausa Fulani north and the Yoruba west, became increasingly powerful under the Buhari regime and was an outspoken critic of the IMF terms.

There was speculation last night that the plotters represented the so-called "Kaduna mafia"—a group of powerful northern businessmen based in Kaduna who are said to resent what they regard as a shift from the traditional northern dominance of Nigerian governments since independence in 1960.

This theory, too, is being treated with some scepticism. General Babangida is himself a Moslem and a northerner, born in Minna State. Although he has been concerned to ensure that his administration fairly reflected the main divisions of Nigeran society—Hausa Fulani, Yoruba and Ibo—he has not neglected his northern base.

Within the army, General Babangida has enjoyed a reputation as a soldier's soldier. He won his spurs during the Biafran civil war

WEEKEND FT

BETHLEHEM

Christmas in Bethlehem should be a season of good will. Instead, there is a holy war going on.

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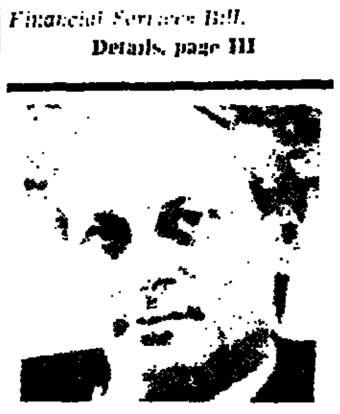
FINANCE AND THE FAMILY

Financial Services Bill.

Details, page III



ARTS

Mr Richard Luce has spent four months as Minister of the Arts. Interim report.

Page XI

PRIVATE VIEW

Samuel Brittan explains the difficulties of finding the right card.

Page XII

Thorn-EMI set to sell cable television interests

BY RAYMOND SNODDY

THORN EMI, one of the few large British companies to invest heavily in cable television, has decided to pull out of the industry almost entirely.

Thorn plans to get rid of its loss-making stakes in three cable television channels and is also talking to British Telecom to see whether it will take over most of its stake in its local cable television franchises.

Thorn is pulling out largely for strategic reasons. The company has decided to concentrate in future on four main business areas: technology, lighting, domestic equipment and rental and retail (including HMV record shops and EMI Music).

The sale of Screen Entertainment, the cinema and film production arm earlier this month for 110m has left Thorn's cable interests looking even more of an anomaly within the organisation.

Thorn is in the process of finding new investors for all of its cable interests.

Talks are well advanced for Mr Richard Branson's Virgin Group to take control of Music Box, the satellite delivered pop music channel which is available to more than 3m homes in Europe. At present Virgin owns 45 per cent, Yorkshire Television has 5 per cent and Thorn 50 per cent.

Granada Television and MTV, the US pop music cable channel, are also believed to be interested.

Thorn is also trying to sell its 41.2 per cent stake in Premiere, the film channel. Premiere claims there are two companies willing to take a controlling interest in it. They have been asked to place formal bids by next month.

The picture at the Childrens' Channel, which is 100 per cent Thorn owned is less clear, but it is believed that D. C. Thomson, the Dundee-based publishers and BT have expressed an interest. Thorn is also involved in three of the 11 pilot cable television franchises awarded by the Government in November 1983.

Both Swindon Cable, a wholly-owned subsidiary and Coventry Cable in which Thorn has a 51 per cent stake, have been operating for some time. Thorn also has a 20 per cent stake in Ulster Cablevision which has made little progress so far.

Thorn plans to sell BT a majority stake in Coventry Cable but will probably hold on to a residual stake. At Swindon it is believed Thorn would prefer to sell out to BT entirely, although the company would probably also agree to keeping a minority stake.

BT last night refused to confirm or deny that it was holding talks with Thorn.

Earlier this week Sir George Jefferson, BT chairman, speaking at the official launch of Westminster Cable expressed cautious optimism on the long-term success of cable.

RTZ swap deal wins Lasmo stake

BY DOMINIC LAWSON

RIO TINTO-ZINC, the UK-based international minerals group, has tightened its grip on the UK independent oil sector, by agreeing to swap its 29.9 per cent stake in Enterprise Oil for a 25 per cent holding in Lasmo, worth £93m.

Under the terms of the agreement, which must be approved by a meeting of Lasmo shareholders on January 6, RTZ will put two of its own men on the Lasmo board, and through Lasmo will retain a siginficant shareholding in Enterprise.

"We have got ourselves into a neat position with regard to both companies" said Mr Derek Birkin, RTZ's chief executive, yesterday. Lasmo's share price jumped 16p to 246p yesterday, capitalising the company at about £400m, about £75m more than Enterprise's market value. This reflected City hopes that RTZ would take over Lasmo. But under the terms of the agreement RTZ is blocked from mounting a full bid for two years, unless a third party intervenes.

RTZ faces a similar obstacle in the case of Enterprise, in which the Government hold a "golden share" until the end of 1988. RTZ acquired a 49 per cent stake in Enterprise when it swooped during the Government's offer of shares in Enterprise last year. The Government took back all but 10 per cent of the stake, but subsequent purchases by RTZ brought it up to 29.9 per cent, the maximum stake allowable without triggering a full bid under City rules.

Lasmo's reason for the deal is the need to increase its capital base, at a time when the oil market rules out a rights issue. Last year Lasmo held informal merger talks with Enterprise, and Mr Chris Greentree, Lasmo's chief executive, said yesterday that he wanted to talk with Enterprise "about all sorts of things" after the deal goes through.

Last year oil and gas profits accounted for only 8 per cent of RTZ's pre-tax total. Mr Birkin said yesterday that he wanted oil and gas to form a "third tripod" of the business to stand alongside the mining and industrial sides.

Enterprise would not comment on yesterday's developments. Its own ambitions appear to centre on yet another UK oil explorer, Tricentrol, in which it holds an 11 per cent stake.

On Tuesday Petrofina, Belgium's largest oil company, made a £145m agreed bid for Charterhouse Petroleum. Yesterday J. Rothschild Holdings increased its stake in Charterhouse to 9.3 per cent, as hopes of a higher bid mounted.

Background, Page 8
Lex, Back Page

MARKETS

DOLLAR	STERLING
New York lunchtime:	New York lunchtime: $1.43
DM 2.50975	London: $1.4245 (1.421)
FFr 7.697	DM 3.575 (same)
SFr 2.109	FFr 10.995 (10.975)
Y202.5	SFr 3.0075 (3.005)
London:	Y288.5 (288.25)
DM 2.51 (2.516)	Sterling index 78.1 (77.9)
FFr 7.7175 (7.7325)	**LONDON MONEY**
SFr 2.111 (2.115)	3-month interbank:
Y202.6 (202.9)	closing rate: 11 7/8% (same)
Dollar index 127.4 (127.3)	3-month eligible bills:
Tokyo close: Y202.78	buying rate 11 1/4% (11 5/16)
US LUNCHTIME RATES	**STOCK INDICES**
Fed Funds 7 7/8%	FT Ord 1,108.6 (−6.3)
3-month Treasury Bills:	FT-A All Share 670.98 (−0.2%)
yield: 7.23%	FT-SE 100 1,386.5 (−4.2)
Long Bond: 105 1/4	FT-A long gilt yield index:
yield: 9.3%	High coupon 10.53 (10.47)
GOLD	New York lunchtime:
New York: Comex Feb latest	DJ Ind Av 1,555.39 (+11.47)
$328.5	Tokyo:
London: $326.0 ($325.75)	Nikkei 13,011.09 (−103.94)

Chief price changes yesterday. Back Page

CONTINENTAL SELLING PRICES: Austria Sch 18; Belgium Fr 42; Denmark Kr 7.25; France Fr 6.00; W. Germany DM 2.20; Italy L1,300; Netherlands Fl 2.50; Norway Kr 8.00; Portugal Esc 80; Spain Pts 110; Sweden Kr 6.50; Switzerland Fr 2.20; Ireland 55p; Malta 30c.

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Louise Kehoe reports from San Francisco on what the image-conscious young professional must have for Christmas

How Yuppies cope with challenge of the year

FOR YUPPIES, Christmas shopping represents one of the biggest challenges of the year. These "young, upwardly mobile professionals" must not only find time in their hectic schedules to visit the stores but they must also find gifts that project the expensive, elegant, high quality yet fun image to which they aspire.

Understanding this dilemma, the Sharper Image—a San Francisco mail order catalogue company with retail stores in major US cities—provides one-stop yuppie shopping: a selection of items guaranteed to impress any yuppie you may have the good fortune to know.

According to the San Franciso company, its average customer is male, age 40, annual income $95,000 (£67,000), professional, college-educated. Judging by the latest version of the Sharper Image catalogue, his interests include money, his health, his image and women—probably in that order.

So what is he buying this Christmas? Top of the list, according to Sharper Image, is the Omnibot 2000, a personal robot that performs such useful tasks as pouring drinks, handing out hors d'oeuvres and greeting guests. As any single host will know, it is tricky to handle all these things at once, so a little robotic assistance does not go amiss.

But this 26-inch-tall droid, which costs a mere $499, also appeals to the freckle-faced little boy hiding within every yuppie gent, who secretly admires Luke Skywalker and wants his very own R2D2 or C3PO. Ever since the Star Wars movie everybody (or at least every yuppie) has wanted a personal robot, according to Mr David Wilson, author of a market study published by Future Computing, a Texas market research firm. He projects sales of $10m to $20m this year, but doesn't think much of the Omnibot. "It's just a toy," says Mr Wilson. Technically, the Omnibot is rather backward, but it has proven, he concedes, that there is a huge demand for personal robots if the price is right.

The problem, according to Omnibot's distributor, Tomy Corporation of Carson, California, is that people expect to much of robots. The products available to date do not live up to the Star Wars image.

Nonetheless, Tomy claims it has sold well over 5m units and could have sold twice as many if it were not limited by its Japanese manufacturer.

Another favourite this year is the Petster, created by Nolan Bushnell, founder of Atari and Pizza Time Theatre. The Petster is everything you ever wanted from a pet, without the mess. This electronically-controlled fluffy beast is styled after a rather fat cat and has 10 different behaviour modes, all of them socially acceptable. "It interacts with people, which makes it very appealing," explains the Sharper Image saleslady. It also needs no feeding, she points out. No doubt the $79 price tag is trivial to Sharper Image customers.

A must for the young executive is the false alarm beeper. It looks like one of those beeping pager units carried by doctors and others who must always be on call. But this one is a fake. "If you are trying to get out of a boring meeting, you just activate it and 20 seconds later off it goes, giving you the perfect excuse to leave," the saleslady explains. At $99 it is a bargain.

Radios that float in the bath and Walkman-style cassette players complete with headphones for the shower (presumably they are shampoo resistant) will ensure that your every minute is filled with stress-reducing music. But if you don't have time to relax even in the bath, you need a waterproof float phone.

Or there is the Hot Lips telephone, shaped like a smile in pink, red or white, now widely available for under $60. For those who are watching their diets, a food informer may be the answer. Fortunately, it does not tell tales upon those who have just secretly raided the kitchen, but it will tell you the nutritional value of anything you plan to consume. There is also an electronic bathroom scale called a counsellor.

The Sharper Image catalogue is also full of exercise equipment—a motorised treadmill, for example, that "gives you an exhilarating workout indoors, far from potholes, pollution and the whims fo the elements." There is a Nautilus machine that promises to reshape your body "from the bottom up," or another that provides "that lean flat stomach you've dreamed about," or yet another contraption that "primes you for victory."

After all that exercise, there is the option of a relaxing massage on the $1,600 Acu-massage table, or just sit back and let go in a massage recliner chair, complete with built-in stereo and back massage rollers, also $1,600.

A favourite of mine is the alarm clock that actually does as it is told. Tell it to shut up and it will—for four minutes. Then it buzzes again, only louder. The argument can continue for up to 40 minutes, at which point the clock wins by buzzing incessantly at its loudest volume.

A Yuppie generally relates better to things than people, but since things are not easily impressed there comes a time when we must work upon his relationships. Help is at hand on his personal computer. (By now every Yuppie has a personal computer, probably an Apple Macintosh). A program called Mind Proper by Human Edge Software, is designed to help the user "understand the baffling twists of human behaviour."

After asking lots of questions about the subject of the study—a girlfriend or work colleague perhaps—the program comes back with a detailed analysis of how he or she will act in relationships, how they cope with stress, how they feel about work and sex and what personal interests get them excited.

If that doesn't work out, then perhaps the best thing the Yuppie can do is stay at home and play with his miniature Lamborghini Countach, a $49, 15-inch replica of the $99,000 car that many a Yuppie would crave.

But what about women? Sharper Image says it hasn't had much success in selling to women, although it tried once with a special edition of its catalogue. "Richard Thalheimer, the president and founder of the Sharper Image, feels that he doesn't understand women as well," a spokesman explained. Nonetheless, Sharper Image expects its sales to top $100m this year, up from $97m in 1984.

EEC TO OPERATE WITH DISPUTED BUDGET

States to take parliament to court

BY OUR BRUSSELS STAFF

THE MEMBER states of the EEC yesterday ensured that the Community will operate in 1986 with a disputed budget, when they voted to take the European Parliament to court for exceeding the legal spending limit.

The decision was taken by the ambassadors of the member states in Brussels to challenge the Ecu 33.3bn (£20.6bn) passed by the members of the Parliament last week and due to come into effect from January 1.

In spite of the institutional confrontation, however, the spending plans of the Community are unlikely to be affected in the first few months of the year, officials said in Brussels yesterday.

The only sum immediately in dispute is the Ecu 570m (£350m) added by members of the Parliament at their final budget reading and that cash is not required until the end of April or May.

The national ambassadors decided to take the European Parliament to the European Court yesterday, voting by a simple majority, with virtually all the northern member states in favour: Belgium, Britain, Denmark, France, Luxembourg, the Netherlands and West Germany supported the move.

The row between the member states and the Parliament, the latest in seven years of budgetary conflict, concerns the amount of cash to be made available for social and regional spending schemes, from which the UK and the poorer member states such as Ireland and Greece benefit the most.

The European Commission had asked for extra amounts to be made available for two special circumstances: the membership from January 1 of Spain and Portugal; and a build-up of past commitments which threatens to choke off new spending plans.

Neither the EEC Budget Ministers, nor the European Parliament, was prepared to give as much as the Commission wanted, but the MEPs were in the end determined to be more generous than the member-states.

They added in Ecu 578m at the final reading, compared with an offer of only Ecu 242m from the Budget Ministers.

The Parliament's move means that the MEPs have unilaterally increased the "maximum rate" by which they are allowed to increase the budget, whereas they are only legally supposed to do so by agreement with the Ministers.

However, when Parliament debated the issue, a coalition of Socialists, Christian Democrats, Communists and Greens threw out the Ministers' proposal and substituted their own.

They argued that the Budget Council had made inadequate provision for spending commitments already agreed, thereby rendering their budget illegal.

The impasse has already created an additional controversy over the role of the European Commission, which administers Community spending.

Mr Henning Christopherson, the Budget Commissioner, has said that he will execute the Parliament's budget until the legal questions are resolved.

Most EEC member-states reject this approach, claiming that the Commission is requiring under Community law to uphold the provisions of the Treaty.

Community raises import duties on video recorders

BY OUR BRUSSELS STAFF

THE EEC yesterday raised customs duties on imported video cassette recorders (VCRs), other than those for professional use, from 8 per cent to 14 per cent from January 1.

In compensation to exporters, the Community has agreed to lower tariffs on semi-conductors from 17 per cent to 14 per cent and remove duties altogether on imported electronic calculators, partable radios, portable cassette decks and alarm radios.

The changes mean that the increased levies on VCRs should conform with the EEC's commitments under the General Agreement on Tariffs and Trade.

Talks on the changes began with Japan, the principal supplier, in September, but a concrete agreement has not yet been reached. However, the EEC Commission has pushed ahead with the change

Imports of VCRs from Japan to the EEC amounted to 3.6m units, out of a total of 3.8m, in 1984. For the first eight months of this year, this had incdeased to 1.9m units.

● The EEC Commission has drawn up a draft directive to prevent the piracy of microchips following similar moves by the US.

American legislation approved last year requires that EEC member states protect the copyright of US designs if European chips are also to be given legal protection.

The threat of copying of microchips by third countires could seriously undermine European products which cost substanial sums to develop. The new draft directive allows member states to incorporate the rules in their own domestic legislation and attempts to give prototypes 10 years' protection after their first commercial exploitation.

SIEMENS AND FANUC

SIEMENS of West Germany and Fanuc of Japan are being fined an equivalent of £610,000 (Ecus 1m) each by the European commission for breaching EEC competition rules which prohibit market sharing. The Financial Times of stated that the fine was £6.5m each.

EEC bans hormone use in livestock fattening

BY IVO DAWNAY IN BRUSSELS

EEC farm ministers yesterday agreed by qualified majority an outright ban on the use of hormones in livestock fattening, but legal doubts remain over the validity of the deal.

The hormones ban, long championed by consumer groups, was vigorously opposed by the UK Government which contends that the vote on the issue should have required unanimity.

These objections won the support of Denmark which backs the outlawing of hormones but supports the right of member states to prevent new veterinary regulations being pushed through by majority votes.

Ireland also voiced disquiet over the effect on the beef market of a special one-year derogation for the UK, and opposed the plan in the final vote.

The compromise agreement means that both artificial and natural hormones used in animal fattening will be banned from the beginning of January, 1988 in all member states, while Britain will follow suit a year later.

In the interim period, the UK will be prevented from selling any meat grown with hormones to other Community countries, and will be required to provide certification that its carcases are free of hormones if sold abroad.

The decision will have serious consequences for countries outside the Community selling meat to the EEC. The US, in particular, is certain to object to the ban which could halt meat sales valued at more than $100m (£70m) a year.

US officials in Brussels have hinted that the ban is likely to provoke fierce retaliation, and a possible action under the General Agreement on Tariffs and Trade.

British objections to the ban on hormones centre on the lack of scientific evidence that natural products are dangerous to human health.

The legal validity of yesterday's decision could still be challenged by the UK in the European Court on the grounds that the vote came under rules that require unanimity. However the decision is expected to pass through EEC procedures into law within the next few days

Optimism at Stockholm security conference

By David Brown in Stockholm

THE 35-nation Stockholm European Security Conference ended its eighth session yesterday in an atmosphere of optimism that an agreement on measures to reduce the risk of war in Europe can be reached within the next nine months.

Mr Robert Barry, the US ambassador, said an agreement was now "within reach" while his Soviet counterpart spoke of a "significantly improved atmosphere" as a result of the recent US-Soviet summit meeting in Geneva.

At the closing meeting a working agenda for the remaining months was agreed—under which the conference is set to adjourn in mid-September next year—clearing away the last obstacle to deterrent negotiating work.

The session has seen a number of important developments, both substantive and procedural, although significant areas of this disagreement remain.

The conference has established the outline of those so-called confidence building measures aimed at reducing the risk of war breaking out in Europe through accident or miscalculation which are likely to be included in the final agreement.

Among them are the exchange of an annual calendar of military manoeuvres, information about such manoeuvres and observation procedures.

Five working groups with rotating chairmanships, were established earlier to examine these and other proposals in detail.

The tabling of proposals from the nine neutral and non-aligned participants during the session also helped establish the parameters of a potential final agreement and was moreover significant in that the final document must be agreed unanimously by all participants.

Several difficult issues remain, however. The Soviet Union has insisted that independent air and sea movements be added to the land based exercises which would be subject to advance notification.

The West has termed this an unacceptable attempt to extend the mandate of the talks unless such movements are functionally related to land exercises.

The Soviet Union on the other hand have been intractable on the issue of verification procedures, though Thursday's proposals to the US to permit some on-site inspection of nuclear test sites appears to show a more flexible attitude on the part of Moscow.

Moscow is also opposed to detailed exchanges of information about permanent troop and material dispositions in periods when manoeuvres are not under way.

The conference agreed at the end of the session to appoint permanent chairman from the neutral and non-aligned states to the five working groups, a procedural move which is expected to facilitate further progress.

Transport chaos hits French commuters

BY DAVID MARSH IN PARIS

FRENCH commuters and would-be holidaymakers faced widespread hold-ups yesterday in a day of transport chaos caused by separate industrial disputes on the Paris underground and at airports.

Air traffic controllers who had planned strikes to support a claim for better pensions yesterday, called off their action late on Thursday night after a court declared it illegal.

But the move came too late to prevent severe disruption of Christmas holiday flights at the country's main airports.

Airlines, led by the two state companies Air France and Air Inter, which had already reshuffled timetables to take account of reduced traffic, were unable yesterday to reinstate aircraft once the controllers decided to work normally.

A return to normal conditions was under way progressively, but failed to prevent delays and frustration for passengers.

Congestion at airports was repeated on the streets of Paris as a strike by Paris underground train drivers early yesterday quickly spread to almost the whole of the metro system.

Bus drivers joined the strike, called to protest at a prison sentence imposed on a train driver.

Road chaos was compounded by a big lunchtime fire at one of the most famous Paris luxury food stores in the centre of the city.

The fire, thought to have started accidentally, led to the death of two people and injured 11 at Fauchon, the store reputed for its delicacies. One of the dead was the store's chairman, Mrs Josette Guelmino.

The day of disruption took place as French people remained spellbound by a hostage drama at the western port of Nantes which started after Thursday's raid on the city's courtroom.

The saga appeared to be reaching a climax late yesterday as three gunmen with their two remaining hostages headed towards Nantes airport.

● Spanish air traffic controllers started a 24-hour strike yesterday after nine days of intermittent stoppages for higher wages and shorter working hours, a spokesman for the traffic controllers' union ACECA said, Reuter reports

● Norwegian flight technicians yesterday called off a go-slow that had caused chaos at Norwegian airports and had threatened Christmas travel, Reuter reports.

A consortium led by Elf Aquitaine of France and including British Petroleum chosen to explore for oil in the area of Paris and its suburbs has committed itself to spend a minimum of FFr 70m (£6.5m) over a five-year period, writes Richard Johns.

The exploration permit for the 1,520-square kilometre area gives Elf Aquitaine a 50 per cent share in venture, Total-Cie Francaise des Petroles 35 per cent and Societe Francaise des Petroles BP 15 per cent.

Elf Aquitaine is to be operator for 13 of 23 blocks into which the area is divided, including the capital and suburbs to the south and west. Total-CFP will be responsible for those in the northern and eastern suburbs.

It will take a year to carry out seismic studies, according to Elf Aquitaine. The company stresses that they will be carried out at night to minimise disruption to traffic and disturbance to residents of the metropolis.

S. Africa refugees shot dead

By Anthony Robinson in Johannesburg

NINE PEOPLE, believed to be political refugees from South Africa, were shot dead when commandos firing guns fitted with silencers stormed two houses on the outskirts of Maseru, the capital of Lesotho early yesterday.

Lesotho Radio blamed South African commandos for the raid but defence headquarters in Pretoria denied "categorically" that units of the South African Defence Force were involved.

The latest raid took place as South African forces continued their latest hot pursuit of Namibian Swapo guerrillas in Angola, and when the Government is under strong pressure from Afrikaners in particular to avenge the death of six whites killed last Sunday when their pick-up van hit a mine planted by African National Congress guerrillas close to the border with Zimbabwe.

Lesotho, an independent kingdom entirely surrounded by South African territory, is a refuge for South African political exiles, including suspected ANC activists.

They are kept under surveillance by the Lesotho police and are not permitted to use Lesotho as a base for operations against South Africa.

The victims in the latest raid were seven people attending a party at a house only 200 metres from the border with South Africa and two more, a white South African woman and a coloured man in a house one mile away.

The raid is similar to that mounted by the South African Security Forces against suspected ANC safe houses in the Botswana capital of Gaberone in June.

On that occasion, the defence force admitted staging the raid as soon as the units returned to base.

Ten days ago, seven Lesotho citizens were shot dead in another such incident at Kacha's Nek, a border town at the opposite end of this small mountainous country close to the border with the Transkei Homeland.

Meanwhile, in a separate incident, two children were killed by a landmine in northern Namibia yesterday

Army powers to fight unrest

THE South African army has been given powers of arrest to fight anti-apartheid protest, military officials said yesterday Reuter reports from Johannesburg.

They said regulations published in the latest government gazette gave troops the status of policemen in maintaining law and order, internal security and crime prevention.

The new regulations cover the whole country, including the Johannesburg region and Cape Province, which have been worst hit by mass violence in which at least 1,000 people have died since February last year.

Soldiers were first used to fight violence in black townships 15 months ago when segregated communities near Johannesburg erupted over apartheid-related problems.

Italy makes helmets for motorcyclists compulsory

BY OUR ROME CORRESPONDENT

ONE OF the most powerful images of post war Italy—the teenagfie girl weaving her way helmetless on her scooter through the lethal city traffic, her hair streaming out behind her—*is doomed.*

Parliament has approved a law which will make it illegal for anyone aged under 18 to ride a motorcycle, scooter or moped without a helmet. Everyone aged over 18 must also wear a helmet unless his or her bike is of under 50 cc and cannot exceed 40 km an hour.

The new law, which will come into force in about six months, will at last bring Italy into line with her European partners.

Up to now a less-developed *sense of safety in Italy than in* some other countries (the younger the child the closer it is put to the windscreen of a car) and the argument of young people that helmets are hot, uncomfortable and make it impossible to cut a *bella figura* have kept the reformists at bay.

MPs have come under strong pressure from the manufacturers of two-wheel vehicles, who argue that helmets will take the fun out of riding, thus causing a disastrous drop in sales that are already stagnant, *mainly because of the declining* birth rate.

They fought for a law that would have applied only to those under 18, leaving adults to decide for themselves.

The new law imposes fines for those who do not wear helmets, and in the case of minors, the police will be able to confiscate their mopeds, which can be returned after one month, only to their parents.

With more than 7m two-wheeled vehicles on the roads, manufacturers of helmets ought soon to enjoy a field day. So far, however, the Ministry of Transport has not laid down the specifications for Italian helmets.

The next stage will be to see how severely the law will be enforced.

Bonn current account falls

By Jonathan Carr in Frankfurt

WEST GERMANY'S current account surplus dropped sharply in November to DM 4.7bn (£1.2bn) compared with DM 6.2bn in October and DM 6.1bn in November last year.

The November surplus on visible trade alone totalled DM 7bn—exactly the same result as that achieved a year earlier but down on the DM 8.7bn piled up in October.

West Germany is still heading for record external surpluses this year, with the current account DM 32.3bn and the trade balance DM 65.3bn in the black in the first 11 months.

Japan ruling party scraps electoral reform bill

BY JUREK MARTIN IN TOKYO

JAPAN'S RULING Liberal Democratic Party has decided to scrap its controversial electoral re-apportionment bill.

Instead, it agreed in long-drawn-out negotiations to a suggestion by the Speaker of the Lower House that a new *proposal be drawn up in conjunction* with the opposition parties.

This bill, which would take account of the results of this year's national census, might then be presented to the next regular session of parliament, which convenes next week.

The failed LDP bill would have reduced the electoral imbalance to within the three-to-one ratio prescribed by the country's Supreme Court only on the basis of the 1980 census.

Such are the vested self-interests of all the political parties, especially the LDP, that few experts believe it will be easy to come up with a satisfactory replacement bill for the next session.

This could present Japan with an uncomfortable constitutional problem,

Swiss lower monetary goal

By John Wicks in Zurich

THE SWISS National Bank has set a 2 per cent target for the growth of money supply during 1986. This guideline is intended, according to a bank communique, to "guarantee medium-term price stability and leave the economy adequate room for expansion."

For this year, money supply growth is estimated by the National Bank at 2.2 per cent. This is lower than the 3 per cent target and the 2.6 per cent booked for 1984.

At present, the Swiss inflation rate is running at some 3.1 per cent. This modest growth is still too high for the National Bank, however.

Kennedy shifts sights from Presidency back to Senate

BY STEWART FLEMING IN WASHINGTON

● Senator Kennedy (left)

"IT TAKES away the one candidate we were sure we could beat," was the instant reaction of Mr Edward Rollins, to Thursday's announcement that Senator Edward Kennedy, the apparent front runner, would not seek the Democratic Party's nomination for President in 1988.

Mr Rollins' remark is undoubtedly tinged with a touch of self-interest. He was campaign manager last year for President Reagan, and is expected to play a leading role in Vice-President George Bush's search for the presidency.

But the judgement that Mr Kennedy's political popularity has always been greater the further away he has been from campaigning for the Presidency, is widely shared.

The fact that a Gallup poll last July made Mr Kennedy front-runner is, in the view of many political analysts, a reflection of the role name-recognition plays in political polls taken months, or in this case years, before the election itself.

Contender

The mantle of Presidential contender fell, somewhat awkwardly, on the shoulders of Mr Kennedy with the assassinations of his brothers — President John Kennedy and Senator Robert Kennedy, the latter in the midst of his own campaign for the Democratic nomination.

But only once, in 1980, did the 53-year-old Senator mount a serious challenge, and that a divisive one against President Jimmy Carter who was then running for re-election.

On three other occasions, he has withdrawn early, commonly citing family reasons as he did in 1982 in the midst of his divorce which became final in 1983.

Many believe that his Presidential aspirations were fatally flawed by the 1969 tragedy at Chappaquiddick where a female campaign aid whom he was driving home died in a car accident.

Mr Kennedy himself acknowledged on Thursday night that "I know that this decision means that I may never be President of the United States."

It does not mean, however, that the 53-year-old Mr Kennedy's powerful role in the political life of the US is over.

The timing of the statement, and his comment that "for him, the right place is in the Senate," has spurred speculation that Mr Kennedy has his eyes on the role of Senate majority leader should, as many predict, the Democratic Party become the majority party in the Senate elections.

Mr Kennedy's withdrawal also alters the political dynamics among the politicians who are already positioning themselves to run for the Democratic nomination.

It thrusts Senator Gary Hart into—for him—the uncomfortable role of front-runner, a role which will again subject him and his ideas to close scrutiny.

But it also tends to improve the prospects of lesser-known, but able politicians, who would not have been able to command so much attention from the media if the Kennedy name had been in contention.

New generation

A whole bunch of new generation Democrats, able men such as Senators Joe Biden and Bill Bradley, Congressman Richard Gerhardt and Governors Bruce Babit of Arizona and Mario Cuoma of New York and former Governor Charles Rubb of Virginia, must be encouraged by the news.

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OVERSEAS NEWS

هكذا من الكحل

Latin America 'faced with widespread economic instability'

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

LATIN AMERICA will be faced with widepread social and economic instability if present economic strategies are continued, the UN Economic Commission for Latin America and the Caribbean (ECLAC) warns in its authoritative preliminary overview of the region's performance in 1985.

Growth rates have been disappointing this year. exports of capital to the industrialised countries have remained at a high level and the general average of inflation is very high, Mr Noberto Gonzalez, ECLAC's executive secretary, reported in Santiago.

The region's gross domestic product rose 2.8 per cent in 1985, 0.4 per cent down on the 1984 figure, a performance achieved only because of a 7 per cent growth rate in Brazil.

If the Brazilian experience is left aside, Mr Gonzalez said, the per capita income in the region shrank by 1.5 per cent this year.

Only four countries, Brazil, Cuba, Paraguay and Mexico registered appreciable growth, the economics of Chile and Colombia stagnated and 14 remaining economies contracted.

Inflation through the region averaged 144 per cent if the hyper-inflation of Bolivia is left out of calculation. If the extraordinary 11,300 per cent price rise of that country is taken into consideration, the regional average rises to 610 per cent, up from the 164 per cent average of last year.

As a result of a fall in the region's trade surplus and continuing high levels of debt payments, Latin America's current account surplus contracted from $9.3bn last year to a mere $300m this year.

With the inflow of loans and investments less than the outflow of profits and debt service payments, the region as a whole exported more than $30bn in capital to the developed world.

Over the past four years, capital exports have totalled $106bn. The region's foreign debt is put by ECLAC at $368bn, 2 per cent up on last year.

"The responsibility for solving the debt problem now needs to be suitably shared between debtors and creditors and must be managed with due regard not only to its financial aspects but its more general economic, social and political implications," Mr Gonzalez commented.

Radio Free Europe advertises in Hungary

BY LESLIE COLITT IN BERLIN

RADIO Free Eupore (RFE), the US Government-operated stationed in Munich which broadcasts to Eastern Europe, has placed Hungarian-language advertisements in two western newspapers now on sale in Hungary, giving the station's programme schedule and frequencies.

The advertisements appeared in the International Herald Tribune and the Frankfurter Allgemeine Zeitung, which first went on sale on Budapest news stands during last month's European cultural forum.

A Budapest newspaper has called the advertisements a Hungary would not do the joint "provocation," but said perpetrators the favour of forbidding the Western newspapers to be sold to the Hungarian public.

A spokesman for the raido confirmed that the advertisements ran for about three weeks, and that the station is evaluating the response and might repeat them.

RFE has also begun broadcasting a Munich telephone number to its listeners in Czechoslovakia, Hungary and Bulgaria, to which they can phone in comment on the programmes or say anything they wish.

The West can be dialled automatically from these countries, and RFE claims that calls from traced by the security services.

The radio station said that up to 200 calls a day one received from Czechoslovakia, and between 50 and 100 a day from Hungary on a wide range of subjects. Far fewer calls come from Bulgaria, as only Sofia has direct dialling to the West.

Ceausescu seeks to stress 'superiority' of East bloc

BY PATRICK BLUM IN VIENNA AND LESLIE COLITT IN BERLIN

MR NICOLAE CEAUSESCU, the Romanian leader, has called for a propaganda offensive to counter Western "distortions" about life in communist countries.

Speaking at a conference of csomfunist party secretaries, Mr Ceausescu said: "The ideological activity of our parties and conuiries must take a more firm, offensive line, promptly unmasking the bourgeois propaganda," Scinteia, the party daily newspaper reporeted yesterday, should stress the "superiority"

Communist propaganda of the communist conutries to counter the "hostile propaganda of imperialist circles that systematically attempts to present, in a distorted way, the realities of the socialist countries, encouraging nationalism, chauvinism and anti-communism," Mr Ceausescu said.

Earlier this week, he indicated that the Romanian army is to play an increasingly important role management of the troubled economy.

A state of emergency was declared in the power industry in October, and military commanders were assigned to manage large coal-fuelled power stations.

Mr Ceasescu told a meeting of senior army officers that a new defence minister, General Vasile Milea, had been appointed to replace General Constaintin Olteanu, who would assume a "party function." General Oltranu is a member of the Communist Party's politburo.

The Romanian president said the army had actively participated in major economic projects such as the building of a canal linking the Danube River with the Black Sea.

The army soon would also play a role in completing the great projects" of the economy. Starting next year, it will help in constructing a 72 km-long canal to link Bucharest with the Danube, to be completed by 1990.

Fewer in developing world undernourished

BY JAMES BUXTON IN ROME

A SMALLER proportion of the developing world's population is under-nourished than was the case a decade ago, the United Nations Food and Agriculture Organisation (FAO) believes.

But because of rapid population growth, the number of people who are undernourished is slightly higher than it was 10 years before.

This is the conclusion of the FAO's latest World Food Survey, a report which the Rome-based organisation has compiled every 10 years since it was founded in 1945.

The report provides two different definitions of undernourishment, based on different ways of assessing human food needs.

According to the lower estimate at least 335m people were undernourished in 1979-81, 10m more than a decade before.

But this brought the proportion of people suffering from hunger down from 19 to 15 per cent of the total population of what the FAO calls developing market economies, which do not include centrally planned economies in Asia, such as China and Vietnam.

On the higher estimate, at least 494m people were undernourished—22m more people than a decade earlier. But the proportion still dropped from 28 to 23 per cent.

Mr Edouard Saouma, the director-general, said that the figures showed evidence of "a turn in the tide." The improvement was due to a rise in food supplies per head.

But he added that the survey provided "no grounds for complacency. As we have seen from the current African food crisis, widespread malnutrition can all too quickly turn into actual famine and starvation."

The report speaks of a widening gap in per capita food consumption between the richest and the poorest countries.

It points to "malnutrition of abundance" in developed countries where diet may often be poorly balanced and where obesity appears to be increasing. In these countries, food consumption averages 3,390 calories a day.

But in 26 developing countries, with 238m people, daily food consumption actually fell during the decade, in some cases below 1,800 calories per day.

The survey confirmed that Africa is falling behind the rest of the developing world in increasing available food supplies. Under the higher estimate, there were 99m undernourished people in Africa in 1979-81 compared with 81m in a decade before.

On the other hand, the rate of increase in food consumption nearly doubled in the Far East and in Asian centrally planned economies.

Mr Saouma said that the report showed that "accelerated agricultural and economic development and more equitable income distribution will provide the only long-term solution."

UK NEWS

Receiver appointed to companies in fraud case

By Raymond Hughes, Law Courts Correspondent

THE HIGH COURT yesterday appointed a receiver and manager for Saint Piran and Gasco Investments UK, two companies associated with Mr Jim Raper.

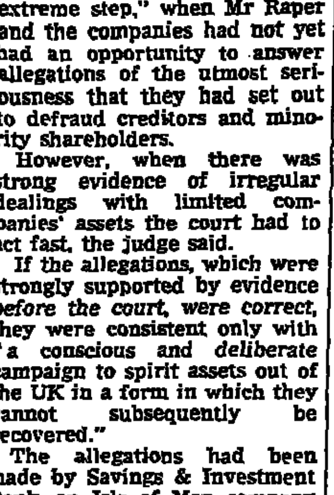
Sir Nicolas Browne-Wilkinson, the Vice-Chancellor, said the appointment was "an extreme step," when Mr Raper and the companies had not yet had an opportunity to answer allegations of the utmost seriousness that they had set out to defraud creditors and minority shareholders.

However, when there was strong evidence of irregular dealings with limited companies' assets the court had to act fast, the judge said.

If the allegations, which were strongly supported by evidence before the court, were correct, they were consistent only with "a conscious and deliberate campaign to spirit assets out of the UK in a form in which they cannot subsequently be recovered."

The allegations had been made by Savings & Investment Bank, an Isle of Man company in liquidation, which claimed to be a creditor of one of Mr Raper's Gasco companies.

The bank went to court this week alleging that Saint Piran and three other Raper companies had broken an undertaking to the court not to let their UK assets fall below £7m.



James Raper: facing fraud allegations

The bank alleged that the undertaking had been broken by a number of recent Saint Piran transactions. One involved the sale of the shares of Westminster Property Group to a Netherlands Antilles company, Crinkleleaf, which was said to have a capital of $6,000 (£4,222) another concerned a transfer of shares in a company called Specialeyes to Berriedale Investments of Hong Kong. Berriedale was said to be the ultimate holding company of companies associated with Mr Raper.

"It seems to me essential, particularly in the current climate of allegations as to the integrity of dealings in the City, that when such allegations are brought before the court it acts effectively and fast to ensure that no further assets disappear," the judge said.

In addition to appointing the receiver, the judge ordered Saint Piran, Gasco Investments (Netherlands), Gasco Investments and Gasco Investments UK not to dispose, other than in the ordinary course of business, of their assets outside the UK.

Mr Raper personally was ordered not to allow his UK companies or their subsidiaries to transfer assets, other than in the ordinary course of business, in breach of that order.

The orders will remain in force until the dispute is fully tried.

BT places exchange order

By Jason Crisp

BRITISH TELECOM has placed orders worth more than £30m for two large international digital telephone exchanges with Thorn-Ericsson and AT T/Philips Telecommunications (APT).

Plessey and GEC Telecommunications were invited to tender for the exchanges with the British developed System X but both declined. GEC said the two were jointly developing a full international exchange but pressure to complete development work on System X for the inland network meant they could not meet BT's timescale for this contract.

STC, the third manufacturer of exchanges in Britain, offered BT System 12 developed and manufactured by its former parent company ITT, but failed to win an order.

This is the second contract APT has won in the UK. Earlier this year it won a £20m order to supply digital exchanges for Linkline — the free 0800 service. Thorn-Ericsson, a joint venture between LM Ericsson of Sweden and Thorn EMI, now has substantial orders from BT.

It has a £100m initial order to supply BT with System Y — the alternative system — and has already supplied one international gateway exchange.

City groups welcome financial bill

BY JOHN MOORE AND LIONEL BARBER

CITY groups yesterday generally welcomed the Financial Services Bill while criticising some details of the proposed legislation, which will radically reform the regulation of the financial community.

Spicer & Pegler, the accountancy firm which audits many Stock Exchange firms, said: "We welcome the self-regulatory rather than wholly statutory approach and we hope that this will be operated sufficiently flexibly to be both effective and avoid stifling the financial markets."

However it urged the authorities "not simply to put resources into fraud investigation, as they have already promised, but to increase their use of skilled resources, in particular solicitors and accountants, used for such work."

The National Association of Security Dealers and Investment Managers, which represents securities firms operating outside the Stock Exchange, said the Bill "provides flexible powers to adapt to changing circumstances." Mr Mark St Giles, association chairman, warned of an apparent loophole.

He said there is a requirement for an investment agreement in the majority of cases but not, apparently, in the case of "advising" and "it appears that an unpoliceable offence may have been created."

"People are constantly offering advice on every conceivable subject. Is it realistic to expect that they will hold their tongues on investment matters?" He said the association considers there ought to be some test of pecuniary advantages for such advice before an offence could be proved.

The Association of Futures Brokers and Bond Dealers invited futures brokers and dealers to become members of the association in the wake of the bill's publication. The association intends to become a recognised self regulatory organisatio

It said it endorsed the proposals and was confident it could meet the requirements of the Securities and Investments Board, which is to be the City's main policing body.

The Chartered Association of Certified Accountants criticised provisions in the bill as "over-elaborate." The association said is was considering carefully whether to apply to be recognised as a professional body under the bill's provisions, particularly since only a minority of its members give investment advice. If it did apply, the conditions imposed would be "complex and extentensive."

It added that it had set up a comittee to consider the role of the auditor and fraud under the chairmanship of Sir Irvine Goulding, a recently-retired High Court judge.

At Harvard Securities, the over-the-counter market maker, Mr Tom Wilmot said he would prefer a fully statutory body modelled on the lines of the US Securities and Exchange Commission. 'We have changed our views in the last few weeks. One scandal in the City under the new regulatory system could lead to the worst bear market in securities trading we have ever seen."

Output fails to increase in third quarter

BY MICHAEL PROWSE

THE ECONOMY stalled in the middle of this year, according to figures released yesterday by the Central Statistical Office.

Official statistics show that there was no increase in output from the second to the third quarter of 1985. The sluggishness of the economy over this period contrasts with the buoyancy of activity in the preceding six months, when output grew at an underlying annual rate of about 4 per cent.

The figures s how gross domestic product failed to grow in the latest period because a 1 per cent increase in consumers expenditure was offset by a sharp decline in exports and a less vigorous build-up of corporate inventories.

In spite of the lack of growth in the summer the year-on-year increase of GDP in the third quarter is estimated at about 2 per cent after allowing for distortions caused by last year's coal strike.

The Treasury is unconcerned by the slowdown. It says the quarterly pattern of growth this year has been unusually distorted.

North Sea output was depressed in the summer because of maintenance work, while business investment was pulled forward into the first quarter for tax reasons.

In the Autumn Statement last month the Chancellor forecast 3 per cent economic growth in 1986. Officials remain confident that buoyant consumer spending will enable this target to be met.

● The Central Statistical Office cyclical indicators of economic activity are proving hard to interpret because of volatility in some of the component series.

Official figures released yesterday show that the Office's "longer leading" index rose in the four months to November mainly because of buoyant share prices. It had been falling gently in the first half of 1985.

The index is designed to give about a year's advance warning of turning points in economic activity. However, the index was erratic last year and the CSO says the series now gives no clear signal about future developments.

Interpretation of the "coincident" index, which charts the state of the economy, has been hampered by distortions from the coal strike period. A recent weakness in the index is also consistent with the slowing of economic growth since the first quarter of 1985.

Current account balance shows surplus

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

BRITAIN recorded another sizeable surplus on the current account of its balance of payments last month, but its export performance remained weak and imports were buoyant.

The Department of Trade and Industry said yesterday that the current account, which includes earnings from invisible transactions such as tourism and overseas investments as well as visible trade, showed an estimated surplus of £259m last month.

That brought the cumulative surplus for the first 11 months of the year up to £2.85bn and reinforced confidence in Whitehall that the Treasury's forecast of a £3bn surplus for the year will be met easily.

However, the latest figures show that visible trade remains in deficit, with the gap between imports and exports at £141m in November.

Over the month, exports fell fractionally to £6.3bn, largely due to a drop in overseas oil sales, while a sharp increase in purchases of manufactured foods pushed the import bill up 2 per cent to £6.45bn.

The trend over the last three months also shows a widening of the gap in non-oil trade. In that period the volume of imports, excluding oil and erratic items, rose 1½ per cent compared with the previous three months.

In contrast, export volume fell fractionally once oil and erratic items are excluded.

However, the department said there were signs that exports were levelling out after the steep decline from the high point of earlier in the year.

The Bank of England pointed out earlier in the week that problems with seasonal adjustments to the figures may have resulted in the figures overstating the weakness of the trade position.

It said it was possible that a sharp fall in imports by oil-producing countries was having a disproportionately large effect on British trade.

The number of manufacturers citing price competitiveness as a restraint on exports has risen to the highest level since 1982, suggesting that the sharp rise in sterling's value seen earlier in the year has already fed through into trade performance.

CURRENT ACCOUNT OF THE BALANCE OF PAYMENTS

(£m seasonally adjusted)

	Current balance	Visible trade balance	Visible trade Exports fob	Visible trade Imports fob	Invisibles balance
1983	+3,126	− 836	60,776	61,611	+ 3,962
1984	+1,121	−4,101	70,409	74,510	+ 5,222
1984 Q3	− 301	−1,615	17,451	19,066	+ 1,314
Q4	+ 459	−1,313	19,312	20,625	+ 1,772
1984 Q1	− 408	−1,283	20,295	21,578	+ 875
Q2	+1,435	− 222	20,251	20,473	+ 1,657
Q3	+1,162	− 543	18,481	19,024	+ 1,705
Oct	+ 400*	0	6,317	6,317	+ 400*
Nov	+ 259*	− 141	6,299	6,440	+ 400*
Jan-Nov 1985	+2,849*	−2,188	71,642	73,830	+ 5,037*

* Invisibles for October and November are projections and subject to revision as information becomes available.

Tin council defers crisis talks for three weeks

BY STEFAN WAGSTYL

THE INTERNATIONAL Tin Council has recognised that immediate efforts to solve the two-month tin crisis have failed, and has adjourned for three weeks.

It meets again on January 14, to give more time for fresh proposals to emerge for settling the council's multi-million-pound debts to bankers and brokers of the London Metal Exchange.

The decision to delay further any chance of a start to negotiations between the council and its creditors appalled LME traders. Mr Michael Brown, LME chief executive, said: "It just illustrates how keen the ITC is for a settlement."

Earlier the board and committee of the LME, the world's largest metals market, decided to postpone any decision about reopening tin trading, which has been suspended since October 24, to January 13.

The LME said it would then decide the future of the tin contract.

An official of the International Tin Council denied that the choice of January 14 for the next tin council meeting was a snub to the LME.

The delay gave time for informal meetings of delegates to discuss the crisis further and for the 22 member-governments to give fresh instructions to their representatives, he said.

The tin council has reached an impasse because a proposal put forward by tin-producing countries to start negotiating with the creditors, albeit on limited terms, has run into opopsition from three leading consumer nations, West Germany, France and the Netherlands.

Other members, notably Japan, have said that they cannot start negotiations unless the council reaches a consensus.

The UK has pressed its fellow EEC members to back negotiation plans, but has set itself against rescuing the LME solely with British public funds.

Mr Jacques Lion, LME board chairman, met Mr Leon Brittan, the Trade and Industry Secretary, yesterday but failed to secure any change in the Government's position.

After the LME board and committee meeting yesterday Mr Brown said that the exchange "could not tolerate" the tin market situation continuing beyond January 31.

This was taken by some traders to mean that the market would have to reopen by then, with or without a settlement.

But the LME authorities have avoided saying this in so many words, firstly to avoid setting deadlines on the International Tin Council's discussions, and secondly to prevent argument among members about fixing a reopening day before it is absolutely necessary. Traders thought a decision could wait until the New Year.

BSC cuts 460 more jobs at Scottish plants

BY ANDREW FISHER

BRITISH STEEL Corporation yesterday announced that a further 460 people would be made redundant at its Scottish tube plants, which are losing about £1.5m a month.

The job losses have been caused by a drop in demand for steel tube after a sudden rise last year led British Steel to take on more people to cope with the extra work.

British Steel said last month that 300 people in the Scottish tubes division were being made redundant, mostly at the Clydesdale works in Bellshill, Lanarkshire.

Yesterday, it said that 302 more jobs would go at Clydesdale and the rest at the Imperial works in Airdrie. British Steel added that it wanted to bring in more flexible working practices as part of a survival plan for the plants.

The latest redundancies will cut the workforce at the plant to about 2,000. British Steel said it saw no likelihood of tube demand rising again in the near future and prices were low.

Union reaction was strong. Mr Jimmy Milne, general secretary of the Scottish TUC, said British Steel's decision was absolutely inexplicable.

"This decision is cruel and heartless," he said. "Nobody likes to lose their jobs, but it's even worse at this time of year." British Steel said it could not hold the redundancy news until after Christmas because of the urgency of the situation.

It has invested £22m in a continuous casting plant at Clydesdale to provide low-cost, high-grade steel for tubemaking. It said yesterday that even with this investment, losses were forecast to continue.

Gartcosh stance clarified

BY IVOR OWEN

INTERVENTION BY the Government to ensure the continued operation of the Gartcosh cold rolling mill could be justified only by clear evidence that its closure would endanger the steel plants at Ravenscraig, Mr George Younger, the Scottish Secretary, maintained in the Commons yesterday.

He made it clear that in the absence of such evidence he shared the opinion of the British Steel Corporation that Ravenscraig would be "certainly no worse off and probably slightly better off if, regrettably, Gartcosh has to close."

Mr Younger rejected Opposition protests, led by Mr Donald Dewar, shadow Scottish Secretary, that by making this position clear to trade union representatives he had pre-empted a report by the Commons select committee on Scottish affairs firmly opposing the closure.

Jewellers look to gifts to brighten year

BY STEFAN WAGSTYL

JEWELLERS ARE hoping that Christmas will bring some sparkle into a dull year.

About 30 per cent of Jewellery is bought in the form of Christmas presents, so sales in the weeks before December 25 make the difference between profit and loss for many stores. Today, the Saturday before Christmas, is the most important trading day.

There seems little chance for the jewellery trade of 1985 outshining the last three years when sales grew by an average of 5 per cent a year, after allowing for inflation. Last year customers spent £1.12bn on jewellery, according to government figures.

This year sales growth has slipped. In volume terms sales were up by 2 per cent in the first quarter and 3 per cent in the second and fell by 3 per cent in the third.

To make matters worse, the Christmas rush seems to have started later than ever this year. H. Samuel, Britaina's largest jeweller with 350 stores, said this week: "It has been quite quiet, but things are picking up now."

The International Gold Corporation, which markets gold on behalf of South African producers, said: "It is early days yet, but it seems that the gold jewellery market is going to do as well this Christmas as in previous years."

De Beers, the diamonds company, said the volume of diamond jewellery sales this year was "stable and static."

However, if the number of customers going into Britain's jewellery stores has stopped increasing, or is even falling slightly, those who do buy are tending to go for more expensive items.

De Beers reported that the average value of diamond rings sold this year was some 15 per cent up on 1984, at about £230.

At H. Samuel, the typical set of a chain and pendant in nine carat gold costs £60, about 20 per cent more than last year.

However, Ratners, the second-largest jewellery chain, said that the market for cheap and cheerful jewellery was bright. In contrast to some other stores, sales were "well up on last year." The company concentrates on inexpensive ranges with Christmas in mind.

At the other end of the scale, Asprey, the top people's jewellery, antiques and gifts company where matching suites of necklace, earrings and bracelets might cost £20,000, relies on overseas customers for much of the year, but said "Christmas is always a domestic affair."

Mr Jim Cooper, managing director, detected subtle changes in his market. Gone were the days when customers favoured showy jewellery for grand occasions, he said. Now they preferred something more conservative — to wear at a dinner party, for example.

Some things never change, however. Almost all jewellery is bought either by women for themselves or by men for the women in their lives.

Swansea football club is wound up

By Nick Bunker

SWANSEA CITY yeste became the first Foo League club to be wounc since Accrington Stanley years ago.

A High Court judge gra a winding-up order on the T Division club in respect of of £146,000 owed to the In Revenue in unpaid income and national insurance tributions. It was sent receivership with debts total about £1.5m.

Granting the order, Justice Harman said the had acted in a "wholly proper" fashion in using money to pay wages since Inland Revenue presented winding-up petition th months ago.

Mr Paul Price, Swansea C team captain, said: "It c be a domino thing. Once club has gone down a lot c follow."

In July, a survey showed only 36 of the 92 league cl had shown a pre-tax profi their last set of finan accounts with 46 trading w liabilities exceeding assets.

Swansea City was refu leave to appeal against be wound-up. The ruling se likely to end the 85-year hist of a team which first joined Football League in 1920.

Should the team fail to fil a fixture this afterno against Walsall, the club will liable for explusion from league.

The club's troubles w widely attributed yesterday its success in 1981 in reach the First Division, where struggled for two seasons

Football to return to TV screens

By Raymond Snoddy

LIVE FOOTBALL will return television early next mon after an agreement sign yesterday between the Footb League and Britain's broa casters.

The two sides signed a de worth £1.3m for the rest the season. Talks were resume this week after months deadlock during which leag games did not appear on th screen.

The first live game to b shown under the deal will b an FA Cup third round matc between Charlton and We Ham on Sunday January 5.

Under the agreement si league matches will be tel vised and recorded highlight will be shown from a minimum of 20 games.

Two of the Milk Cup sem finals will be televised li together with the final an highlights of the other tw semi finals will also be shown.

The Football Association ha also reached agreement wit the television organisations Apart from the third round game, live ties will also b shown from the fourth, fifth and sixth rounds of the FA Cup.

Parents warned of baby food salmonella risk

By Tony Jackson

LEADING brands of baby food could cause salmonella poisoning, the Health Department said yesterday. Parents have been warned not to give their babies Osterfeed, Ostermilk Complete Formula or Ostermilk Two, all made by Farley Health Products, a subsidiary of Glaxo, Britain's biggest drug company.

The department said that between November 1 and December 19 it had been notified of 41 cases of diarrhoea due to infection with the salmonella strain known as Salmonella ealing. In 29 cases, those infected were children under a year old. Tests had shown a high statistical association with Osterfeed and Ostermilk though tests on the products themselves and on Farley's manufacturing plant had so far been negative.

Farley said yesterday it was withdrawing the products as a precautionary measure, together with the dietary additive Com plan, which has not caused health problems but is also milk-based and made in the same factory at Kendal in Cumbria.

Glaxo is presently negotiating to sell Farley to the chemist group Boots for a price estimated at up to £40m, as part of a programme of concentrating on its mainstream ethical pharamceutical business.

Rolls-Royce in £70m deal

By Michael Donne, Aerospace Correspondent

ROLLS-ROYCE will have £21m share in an order wort more than £70m for the new international V-2500 engine in a fleet of nine Airbus A-320 airliners to be ordered by Tran Australia Airlines and delivered in 1988.

British Aerospace will als share in the package since i has a 20 per cent stake in Air bus, building the wings for the that organisation's aircraf including the A-320.

UK NEWS

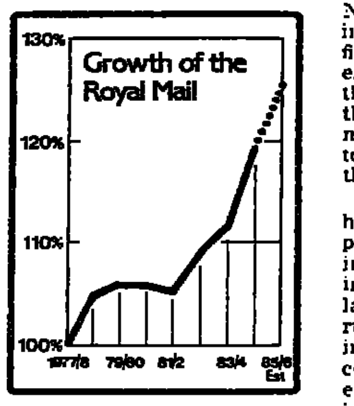
Post Office profit up 58% as volume nears record

BY JASON CRISP

POST OFFICE profits jumped in the first half to October 2 and the monthly volume of mail it carries is close to reaching a record. On Monday this week 112.7m letters were posted, the highest number in its 350-year history.

Pre-tax profits rose 58 per cent to £52m in the six months on a turnover of £1.5bn. Sir Ron Dearing, chairman of the Post Office, said the 1p price cut on second class mail would mean profits for the full 12 months would probably be about the same as last year's £134.m.

He warned the Government that the Post Office's target of 4.5 per cent profit on turnover was too high. He expected the target would be met this year but Sir Ron was seeking a reduction for 1986/7. The target represents a 9 per cent return on capital, second only to British Airways.



Although the Government has not agreed the Post Office's profit target or even capital expenditure, Sir Ron said: "When we come to review our prices, early in the New Year, we will be disappointed if we cannot hold them beyond April."

The direct cost of cutting second class mail by 1p in November will be about £20m in the second half of the financial year. The Post Office expects to recover about £10m through the increased volume the cut generates. At the moment it says it is too early to tell if the move has affected the volume of first class mail.

The sharp increase in first half profits results from a 5.6 per cent growth in volume, improved productivity and price increases made in September last year. It is the second year running that mail volume has increased by more than 5 per cent. The price cut is likely to ensure record levels achieved in the 1960s will be surpassed.

The Post Office claims it is overcoming the problems of delivering mail on time. In the quarter beginning in July it delivered 89.1 per cent of first class letters the following working day—close to its target of 90 per cent. This compares with 86.4 per cent in the same period in 1984.

Short Bros warned to recruit more Catholics

By Our Belfast Correspondent

SHORT BROTHERS, the state-owned Belfast air company yesterday received an official warning over the low level of recruitment of Roman Catholic workers.

The company is engaged on a programme to reduce a religious imbalance in its workforce. Although it has made progress, an official report has voiced concern about apparent disparity in the recruitment.

The Northern Ireland Fair Employment Agency, which polices legislation outlawing discrimination on religious grounds, said that if disparities continued without a satisfactory explanation, it would be obliged to review the company's right to hold an equal opportunities certificate.

This stricture applies to all companies in Ulster holding a certificate.

Shorts strenuously denies discrimination against Catholics and is working on the problem with the agency. The company's image as a fair employer is crucial to hopes of sales in the US.

The United States Air Force has ordered 18 Sherpa freighter aircraft and has options on a further 48 which would bring the total value of the contract to about £500m.

The agency yesterday released a study of recruitment between April and December last year. It said that while the proportion of Roman Catholic applicants rose from 17 per cent to 26.6 per cent, the level of Catholic appointments fell from 17 per cent to 14 per cent.

The agency has made recommendations about recruitment procedures, many of which the company has already put into practice.

Mr Tom King, the Northern Ireland Secretary, said in a statement that the action by Short Brothers had started to produce results.

Ruling on ICI tax dispute postponed

JUDGMENT on ICI's long-running tax dispute with the Government has been postponed until early next year. The case, concerning the legality of tax breaks allowed to the Shell/Esso ethylene plant at Mossmorran, Scotland, has been under appeal

Grant boost for science teaching

By Michael Dixon, Education Correspondent

THE GOVERNMENT is to offer mathematics and physics graduates an extra £1,200 a year to take up teacher-training in an attempt to avert a growing shortage of qualified teachers of these subjects in state secondary schools.

The incentive payments will be additional to the normal grant for one-year teacher-training courses. Outside London, this is £1,830.

Similar incentives are already offered to attract people to train for technology, design and crafts teaching—for which the secondary school system is also severely short of specialist staff. The decision to extend the payments to maths and science graduates follows a drop of about a third in the past year in the number of such graduates enrolling on teacher-training courses.

The extension will come into force next autumn

Drugs bill aimed at traffickers' gains

BY ROBIN PAULEY

THE GOVERNMENT yesterday published its Drug Trafficking Offences Bill which would make it an offence to "launder" the proceeds of drug trafficking or alerting a suspect that his affairs are being investigated.

The main provision would require a High Court judge to make a confiscation order against someone convicted of a drug trafficking offence. The order would be mandatory and would be for a specified amount alleged by the prosecution to be the proceeds of the convicted person's profit from drug trafficking. It would not be limited to the specific offence for which the person was being sentenced.

The burden would be on the convicted person to prove that the proceeds were lawfully gained and had nothing to do with drug trafficking. If that cannot be proven there would be no right of appeal against the order or the amount. If the proceeds could not be found or realised, extra terms of imprisonment would be added to the original jail sentence.

The Inland Revenue, banks and other institutions would be forced to give information to the police if a circuit judge accepted a police claim that there were reasonable grounds for suspecting a person of drug trafficking or of being knowledgeable about or involved in drug activities.

Helping a drug trafficker "launder" the proceeds would be punishable by up to 14 years in jail. A second new offence would be alerting a suspect that his affairs were being investigated. The maximum penalty would be five years in jail.

The bill provides for an order in council to enable other countries' drug proceeds confiscation orders to be enforceable in Britain. The Government hopes that a network of reciprocal international arrangements would curtail the availability of investment havens abroad.

David Churchill reports on this year's top selling toys and games

The far from trivial pursuit of novelty

TRIVIAL PURSUIT, the board game on inconsequential general knoweldge questions, has re-emerged this Christmas as one of Britain's top-selling toys and games.

Its popularity—it sells at about £20—has caught many stores by surprise: Hamleys, for example, sold out after selling about 1,000 sets a day and the game will be its best-seller over the pre-Christmas period.

Other leading toys retailers—such as Tesco, Selfridges, and Harrods—report similar enthusiasm for the US-originated game which is sold in the UK by Kenner Parker.

What surprises them about the game's success is that it first went on sale in this country three Christmasses ago and most retailers thought its popularity had peaked last year.

Yet its success emphasises that this Christmas there are few new ideas available for parents wanting to give their children something different. The best-selling toys this Christmas are robot transformers—where cars or trains are converted into space-age robots—and doll-substitutes like My LittlePony or Care Bears.

All these have been on the toy market for at least two years in the UK and, according to retailers, are more popular than last Christmas when—as with Trivial Pursuit — most thought the rangers had reached their peak.

Retailers report that there is no new toy phenomenon breaking through in the same way as a Rubik Cube or Cabbage Patch Doll of a few years ago.

"This isn't a year with a lot of totally new ideas," admits Mr Gordon Webb of the British Toy and Hobby Manufacturers Association.

Ms Sally Holland, toy marketing manager for Woolworth stores—Britain's biggest toy retailer—suggests: "The fact that there is nothing new or dynamic on the market this year reflects the problems of manufacturers last year in getting sufficient stocks on to the market."

Toy manufacturers have concentrated on extending their product ranges rather than seeking innovative toys. Thus transformers, My Little Pony, and Care Bears have all been given either violent enemies or extra products—such as My Little Pony's Dream Castle which Tesco says is selling very well at £19.99—to keep interest in the toys alive.

These toys, known in the trade as collectibles, are dominating the market in the same way as electronic toys did in the early 1980s.

Yet the toy trade is the first to admit that the idea is not new; countless children in previous generations have followed the same route with toy soldiers fighting battles in toy forts and dolls houses filled with dolls and household paraphernalia. "It's all to do with children using their imagination," Ms Holland says.

What makes the mid-1980s different is that the toys are considerably more sophisticated—using micro-electronic developments of the past few years—as well as more expensive. The top-selling transformer is Hasbro's Optimus Prime, available at about £14 in most stores (although Selfridges in Oxford St. London, has already sold out). This is the main robot transformer which can lead on to further spending of £30 or more on related toys.

Children's imagination is given a not-so-gentle push in the right direction by television advertising in the weeks leading up to Christmas. "Television advertising is the key to a toy's success but it does not necessarily follow that heavy advertising will automatically make a toy a best-seller," Mr Webb points out.

Mattel's Masters of the Universe range went a stage further by having its own television cartoon series featuring its toys. The Programmes ran into initial trouble with the Independent Broadcasting Authority which was worried that they were little more than an advertising promotion rather than a genuine adverture series. The programmes were eventually screened but the IBA is due to review the issue shortly after Christmas.

While Trivial Pursuit tops the best-selling ranges at Tesco, Hamleys, Selfridges, and Harrods this Christmas its sudden surge in popularity came too late for the top 10 list of toys (see table) compiled by the National Association of Toy Retailers.

Its success owes much to the clever marketing ploy of bringing out new versions — aimed at children and those born in the post-war baby boom — as well as extensive public relations activity. Retailers believe that most current sales are to people who have heard about the game and aspire to have what they perceive as a trendy game over Christmas.

However, the eyes of the toy trade, will be focused not so much on what still sells in the next few days as on what new toys and games will be on show at the British Toy and Hobby Fair held in late January at Earls Court, London. The search for the next Trivial Pursuit, Optimus Prime, or My Little Pony is on in earnest.

Top seller—My little Pony from Hasbro sporting a winter outfit.

TOP SELLING TOYS OF 1985 (TO OCTOBER 31)

Toy	Manufacturer
1 My Little Pony	Hasbro
2 Optimus Prime	Hasbro
3 Transformer Cars	Hasbro
4 13 in Care Bears	Kenner Parker
5 Trivial Pursuit	Kenner Parker
6 Poseable Care Bear	Kenner Parker
7 My Little Pony care set	Hasbro
8 6 in Care Bear	Kenner Parker
9 Roller Boots	Various
10 Big Foot	Milton Bradley

Source: Toys International

TREND OF INDUSTRIAL PROFITS

ANALYSIS OF 219 COMPANIES

CONSUMER-RELATED companies with year-ends in the first quarter of this year continued to show faster profits growth than those in the capital goods sector.

The analysis below summarises the results of 219 listed companies with year-ends between January 1 and March 31 and sets them out according to the categories used in the daily FT-Actuaries Share Indices table.

Figures are in £m, with the previous year's figures in brackets.

The table shows that the total profits of the 64 companies in the consumer group rose 11.9 per cent over the previous year's figure, whereas the total profits of the 57 companies in the capital goods group rose 6.3 per cent.

This continues a trend found in all quarters last year except the third one.

The growth of the consumer group was heavily influenced by a 16.8 per cent rise in profits of the stores sector, reflecting a good performance among most of the 29 companies reporting. The strongest constraints were the leisure sector, which was hit by a downturn at Thorn EMI, and the tobacco sector, reflecting a downturn at Rothmans International.

The capital goods group was boosted by a strong performance among the 14 mechanical engineering companies reporting but was depressed by the contracting and construction sector, which was hit by downturns at F. J. C. Lilley and A. Monk, and metals and metal forming, affected by Johnson Matthey's figures.

Elsewhere, four smaller oil companies reporting in the period showed a combined profits growth of 55.3 per cent, the 20 property companies showed a combined growth of 12.1 per cent, and the total financial group showed a gain of 18.7 per cent.

INDUSTRY	No. of Cos.	Turnover (1)	Profits before Int. & Tax (2)	Pre-tax Profits (3)	% chnge	Tax (4)	Earned for Ordinary Dividends (5)	% chnge	Ord. dividends (6)	% chnge	Cash Flow (7)	Net Capital Employed (8)	Net Return on Cap % (9)	Net Current assets (10)
BUILDING MATERIALS	7	3,934.3 (3,783.7)	481.5 (456.4)	405.3 (384.8)	+5.3	148.3 (132.1)	244.9 (230.6)	+6.2	78.2 (68.1)	+14.8	301.9 (289.8)	3,016.6 (2,889.5)	16.0 (15.8)	746.1 (667.2)
CONTRACTING, CONSTRUCTION	4	746.2 (592.4)	32.6 (34.6)	27.1 (31.7)	−14.5	8.9 (9.7)	18.1 (21.5)	−15.8	7.7 (7.3)	+5.6	39.9 (56.8)	271.0 (212.7)	12.0 (16.3)	71.4 (70.4)
ELECTRICALS	5	630.8 (603.8)	61.2 (59.0)	48.7 (46.0)	+5.9	22.3 (18.4)	23.3 (25.4)	−8.5	5.8 (5.0)	+16.0	37.6 (38.6)	332.6 (319.1)	18.4 (18.5)	144.9 (130.6)
ELECTRONICS	13	9,894.7 (8,722.8)	1,246.6 (1,146.5)	2,167.4 (1,080.2)	+8.1	480.0 (413.6)	667.1 (651.3)	+2.4	179.1 (156.5)	+14.4	811.6 (753.2)	5,452.8 (4,851.1)	22.9 (23.6)	3,374.6 (3,139.7)
MECHANICAL ENGINEERING	14	2,849.5 (2,764.8)	165.6 (154.6)	125.5 (93.1)	+34.8	52.7 (36.4)	72.1 (55.9)	+29.0	30.9 (27.6)	+12.0	100.1 (86.9)	1,230.0 (1,176.8)	13.5 (11.4)	593.0 (551.6)
METALS AND METAL FORMING	3	1,638.1 (1,460.8)	65.4 (75.0)	27.0 (41.3)	−34.6	11.8 (11.3)	14.3 (29.8)	−52.0	2.0 (14.6)	−86.3	28.9 (31.9)	515.6 (563.5)	12.7 (11.5)	155.7 (169.5)
MOTORS	4	426.0 (400.9)	25.3 (23.3)	13.9 (13.9)	—	3.3 (2.5)	9.6 (11.4)	−15.8	3.4 (2.9)	+17.2	21.5 (19.2)	257.8 (236.1)	9.8 (9.9)	56.9 (61.7)
OTHER INDUSTRIAL MATERIALS	7	1,632.9 (1,587.9)	133.9 (137.2)	99.6 (109.9)	−9.4	42.8 (40.2)	57.5 (66.3)	−13.3	30.7 (26.4)	+16.3	82.4 (69.6)	947.4 (993.7)	14.1 (13.8)	352.9 (342.2)
TOTAL CAPITAL GOODS	57	21,752.5 (19,717.1)	2,312.1 (2,066.6)	1,914.5 (1,800.9)	+6.3	770.1 (654.2)	1,106.9 (1,092.2)	+1.3	337.8 (308.4)	+9.5	1,423.9 (1,526.0)	12,023.8 (11,332.3)	18.4 (18.2)	5,495.5 (5,122.9)
BREWERS AND DISTILLERS	5	5,984.9 (5,240.9)	683.0 (561.6)	548.1 (475.1)	+15.4	206.7 (148.9)	335.7 (320.5)	+4.7	134.1 (119.6)	+12.2	347.2 (317.3)	4,854.8 (4,304.0)	14.1 (13.1)	1,429.9 (1,270.2)
FOOD MANUFACTURING	6	6,466.3 (6,111.2)	331.4 (304.5)	283.1 (258.1)	+9.7	107.6 (75.0)	171.9 (175.1)	−1.8	61.0 (53.6)	+13.8	245.4 (242.3)	2,051.0 (1,860.7)	16.3 (16.4)	431.7 (411.6)
FOOD RETAILING	4	8,002.3 (6888.0)	325.5 (265.3)	299.9 (244.4)	+22.7	105.1 (73.3)	194.3 (170.3)	+14.1	61.2 (50.3)	+21.7	227.7 (202.6)	1,465.8 (1,195.4)	22.2 (22.2)	−526.3 (−304.5)
HEALTH AND HOUSEHOLD PRODUCTS	3	2,593.3 (2,191.0)	402.3 (341.2)	342.0 (296.6)	+15.3	133.0 (107.4)	206.9 (187.5)	+10.3	91.4 (79.5)	+15.0	184.3 (165.5)	1,534.1 (1,296.7)	26.2 (26.3)	730.7 (665.0)
LEISURE	5	4,781.7 (4,068.1)	302.7 (302.7)	204.2 (228.6)	−10.7	75.4 (96.2)	134.2 (122.1)	+9.9	67.1 (54.1)	+24.0	416.1 (416.6)	2,194.9 (1,852.1)	13.8 (16.3)	195.2 (217.3)
NEWSPAPERS, PUBLISHING	1	95.9 (71.8)	8.0 (4.6)	7.8 (4.5)	+73.3	3.6 (1.6)	4.2 (2.9)	+44.8	1.7 (1.1)	+54.6	4.8 (3.4)	28.7 (21.6)	27.9 (21.3)	1.8 (2.4)
PACKAGING AND PAPER	3	3,322.9 (3,360.4)	245.1 (238.1)	185.9 (179.9)	+3.3	61.6 (43.3)	122.2 (125.7)	−2.8	37.1 (31.9)	+16.3	173.6 (188.8)	1,341.8 (1,329.7)	18.3 (17.9)	466.6 (360.3)
STORES	29	15,502.1 (13,719.3)	1,359.6 (1,176.1)	1,237.4 (1,059.5)	+16.8	578.8 (408.3)	758.6 (644.2)	+17.8	299.3 (256.2)	+16.8	750.3 (633.1)	7,881.9 (5,855.2)	17.3 (20.1)	2,053.9 (1,952.3)
TEXTILES	7	3,113.7 (2,834.2)	245.4 (212.9)	199.9 (172.7)	+15.8	43.0 (40.3)	144.5 (117.6)	+22.7	34.9 (29.2)	+19.5	185.7 (169.5)	1,328.1 (1,159.6)	18.5 (18.4)	660.3 (572.6)
TOBACCOS	1	1,604.0 (1,510.7)	170.5 (190.5)	136.1 (158.3)	−14.5	58.0 (47.4)	53.2 (80.4)	−33.8	16.1 (12.4)	+29.8	92.6 (110.0)	1,207.2 (1,064.0)	14.1 (17.9)	370.6 (415.7)
TOTAL CONSUMER GRP	64	51,467.1 (45,995.6)	4,073.5 (3,597.4)	3,444.4 (3,078.2)	+11.9	1,373.0 (1,041.7)	2,125.7 (1,946.5)	+ 9.2	803.9 (687.8)	+16.9	2,626.6 (2,440.2)	23,868.8 (19,939.0)	17.1 (18.0)	5,814.4 (5,563.1)
CHEMICALS	5	697.5 (629.5)	65.6 (60.2)	62.4 (57.5)	+ 8.5	27.1 (22.6)	35.1 (34.7)	+ 1.2	10.9 (9.1)	+19.8	38.3 (36.5)	274.3 (231.9)	23.9 (26.0)	144.9 (137.3)
OFFICE EQUIPMENT	—	— (—)	— (—)	— (—)	(—)	— (—)	— (—)	(—)	— (—)	(—)	— (—)	— (—)	— (—)	— (—)
SHIPPING AND TRANSPORT	1	66.0 (60.7)	6.5 (7.7)	6.4 (7.5)	−14.7	2.4 (3.1)	4.0 (4.4)	−9.1	1.9 (1.8)	+5.6	6.3 (6.6)	49.0 (39.2)	13.3 (19.6)	12.2 (10.7)
MISCELLANEOUS	22	4,561.1 (4,073.3)	351.2 (303.6)	276.3 (229.9)	+20.2	106.9 (81.9)	157.7 (144.5)	+9.1	79.9 (65.3)	+22.4	239.5 (243.7)	2,016.7 (1,889.6)	17.4 (16.3)	509.3 (372.3)
TELEPHONE NET WORKS	1	861.5 (673.1)	273.0 (203.3)	240.0 (186.5)	+28.7	72.7 (56.9)	139.2 (111.3)	+25.1	35.2 (29.3)	+20.1	196.4 (154.4)	1,108.0 (954.4)	24.6 (21.8)	80.8 (87.8)
TOTAL INDUSTRIAL GRP	150	79,405.7 (71,149.3)	6,981.9 (6,243.8)	5,944.0 (5,360.5)	+10.9	2,352.2 (1,870.4)	3,588.6 (3,333.6)	+7.1	1,269.6 (1,101.7)	+15.2	4,530.0 (4,207.5)	39,342.6 (34,366.4)	17.8 (18.2)	12,050.1 (11,294.1)
OILS	4	862.4 (725.0)	138.0 (89.7)	92.7 (59.7)	+55.3	30.2 (11.1)	54.0 (41.2)	+31.1	22.8 (19.8)	+16.2	92.6 (62.6)	872.1 (773.9)	15.8 (11.6)	170.1 (154.8)
BANKS	1	— (—)	97.9 (63.1)	80.1 (54.5)	+47.0	39.9 (8.4)	39.9 (45.5)	−12.3	12.8 (9.2)	+39.1	36.2 (45.6)	585.6 (424.1)	16.7 (14.9)	434.0 (287.9)
DISCOUNT HOUSES	—	— (—)	— (—)	— (—)	—	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
INSURANCE (LIFE)	—	— (—)	— (—)	— (—)	—	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
INSURANCE (COMPOSITE)	—	— (—)	— (—)	— (—)	(—)	— (—)	— (—)	(—)	— (—)	(—)	— (—)	— (—)	— (—)	— (—)
INSURANCE BROKERS	2	— (—)	50.6 (35.6)	46.9 (33.1)	+41.7	17.9 (14.0)	27.9 (18.2)	+53.3	9.6 (7.6)	+26.3	25.3 (17.1)	160.0 (131.5)	31.6 (27.1)	28.9 (13.8)
MERCHANT BANKS	6	— (—)	— (—)	— (—)	—	— (—)	66.7 (60.4)	+10.4	26.7 (20.6)	+29.6	— (—)	*9,963.0 (*8,859.4)	— (—)	−174.4 (−237.8)
PROPERTY	20	— (—)	311.8 (274.0)	214.8 (191.7)	+12.1	77.9 (73.9)	135.5 (116.5)	+16.1	78.2 (67.5)	+15.9	60.3 (51.4)	5,273.4 (4,775.6)	5.9 (5.7)	−22.7 (29.3)
OTHER FINANCIAL	3	— (—)	26.2 (16.7)	23.5 (15.5)	+51.6	7.3 (4.7)	16.0 (10.7)	+49.5	4.9 (2.9)	+69.0	11.8 (8.1)	97.2 (66.7)	27.0 (29.5)	40.8 (32.3)
TOTAL FINANCIAL GROUP	31	— (—)	388.6 (326.3)	285.2 (240.3)	+18.7	103.1 (92.6)	245.9 (205.8)	+19.5	119.4 (98.6)	+21.1	97.4 (76.6)	†5,530.6 (†4,963.8)	7.0 (6.6)	−127.4 (−162.4)
INVESTMENT TRUSTS	33	— (—)	249.3 (204.7)	186.7 (148.0)	+26.2	64.6 (56.8)	119.4 (101.0)	+18.2	111.0 (95.2)	+15.4	8.9 (6.3)	6,041.6 (5,384.0)	4.1 (3.8)	106.2 (−626.2)
MINING FINANCE	1	12.2 (13.4)	1.9 (3.3)	1.8 (3.2)	−43.8	0.3 (0.5)	1.3 (2.8)	−53.6	1.0 (1.0)	—	1.4 (2.7)	40.8 (33.9)	4.7 (9.7)	14.2 (14.4)
OVERSEAS TRADERS	—	— (—)	— (—)	— (—)	—	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)

NOTES ON COMPILATION OF THE TABLE

The classification is that of the Institute and Faculty of Actuaries used in the daily Financial Times—Actuaries Indices.

Col. 1 gives turnover, exclusive of VAT unless otherwise indicated.

Col. 2 gives profits before interest and taxation, that is to say profits after all charges except loan and other interest but before deducting taxation provisions and minority interests.

N.B.—Certain companies, including merchant banks, discount houses, insurance and shipping companies are exempted from disclosing the full information required under the Companies Act 1948.

Col. 3 gives pre-tax profits, that is to say profits after all charges including debentures and loan interest but before deducting taxation provision and minority interests.

Col. 4 groups all corporation taxation including Dominion, Colonial and Foreign liability and future tax provisions but excluding adjustments relating to previous years.

Col. 5 gives the net profits accruing on equity capital after meeting—

1—Minority interests.

2—All prior charges—sinking fund payments, etc, and Preference dividends and

3—Provisions for staff and employees pensions funds where this is a standard annual charge against net revenue.

Col. 6 sets out the net cost of dividend on equity capital.

Col. 7 is the capital generated internally over a year's trading. For the purposes of comparison equity earnings plus depreciation less equity dividends is the recognised method of computing this figure.

Col. 8 constitutes the total net capital employed. This is the total of net fixed assets—excluding intangibles such as goodwill—plus current assets less current liabilities, except bank overdrafts.

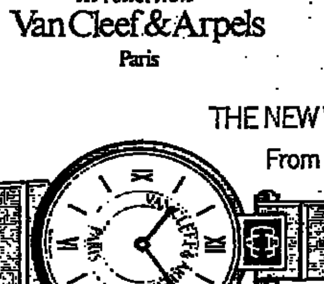
* For merchant banks a more realistic figure to quote is the balance-sheet total.

Col. 9 represents the net return on capital employed. Col. 2 as a percentage of Col. 8 provides an indication of average profitability.

† Excluding merchant banks and insurance (life and composite).

Col. 10 net current assets are arrived at by the subtraction of current liabilities and provision from current assets.

‡ Other Consumer Group has been absorbed into other groups.



Government warns unions on political fund pact

BY PHILIP BASSETT, LABOUR CORRESPONDENT

THE GOVERNMENT yesterday warned trade unions that it was not satisfied they were keeping to their agreement to inform members of their right to contract out of paying a political levy.

In 1984, the Government and the Trades Union Congress reached an agreement on contracting out, the system by which union members have to apply not to pay the political levy, the Labour Party's main source of financial support. To prevent an amendment to the Trade Union Bill which would have changed the system to one of contracting in, the TUC agreed to ensure that unions make members aware of their rights.

Mr Tom King, then Employment Secretary, managed to assuage Conservative backbench and Alliance criticism of the deal by insisting that if it was not folowed, then the Government reserved its right to introduce legislation on the issue.

In a letter to Mr Len Murray, then TUC general secretary, Mr King said: "I hope, however, that this would not prove necessary and the (TUC's) statement of guidance can be put to full effect by all concerned."

Ministers have become increasingly concerned that since every ballot required under the 1984 Trade Union Act has been in favour of retaining the levy so far, unions have not been carrying out the requirement to inform members of their right to contract out. They have warned that they are monitoring what the unions are doing.

Yesterday the first indication was given that the Government was unsatisfied with the operation of the agreement with the TUC—raising speculation of legislation to correct the position.

In a Commons written reply, Mr Peter Bottomley, an Employment Minister, said: "I am not satisfied that all trade union members are being made aware of the rights to contract out of paying the political levy.

"I have been monitoring the implementation of the TUC guidance, through my contacts with trade unionists. I have to say I have seen little evidence so far that union members are being notified individually of their rights."

Ministers are likely to press home the issue in a series of speeches, emphasising that union members' rights are there, both in law and union rule books, and urging unsatisfied members to apply for redress against their unions to the Certification Officer.

The TUC has also been monitoring the operation of its agreement and is concerned at Mr Bottomley's warning. The TUC said last night that unions were required to comply with its agreement on contracting out. It is likely in the light of this and other ministerial statements to stress again the need to make clear to union members their rights.

Pit deputies accept 6.2% pay offer

By Our Labour Staff

THE National Coal Board's 14,000 pit deputies have voted to accept a pay and incentive offer worth 6.2 per cent or £10.45 a week.

In a ballot at the beginning of the week, 6,824 voted in favour and 4,148 against.

The pay increase excluding incentives is worth 4.6 per cent or £7.95. It lifts a grade one deputy's pay to £182.75 a week. In a separate ballot the board's proposal to alter a sick pay agreement was rejected. A board proposal to modify incentives and consolidate payments was approved in a third ballot. It increases basic pay by £4 a week.

● The Union of Democratic Mineworkers, the breakaway mining union, has chosen the Isle of Wight for its first annual conference in January.

Single-union deals 'norm for new foreign groups in Ulster'

BY DAVID THOMAS, LABOUR STAFF

SINGLE union agreements are now the norm for foreign companies establishing operations in Northern Ireland, according to a survey by the Labour Relations Agency.

The agency, the independent statutory body for industrial relations in Northern Ireland, surveyed 29 foreign-owned companies.

All of the most recent arrivals it surveyed have single-union agreements for their manual workers. Some also have recognition agreements for their white collar workers with the white collar section of the same union or an associated union.

The agency says these "agreements are generally arrived at before the bulk of the new workforce has been recruited by the incoming amangement."

The TUC this week approved a ban on single-union agreements reached without the consent of other unions involved.

The survey found that most foreign companies were generally very satisfied with industrial relations in Northern Ireland. The survey also found agreements on the flexibility of working practies, whether formal or informal, were usual in all of the newer companies and in many older establishments too.

'Agreements are generally arrived at before the bulk of the workforce has been recruited'

Only five companies found that recruiting trained labour was a problem, and only one company commented adversely on the productivity of Northern Irish workers.

Only five companies, all long established, reported what they considered to have been serious industrial action, and of these only two cases took place in the last four years.

Two of the companies have no trade union involvement, although several admitted to initial reservations about having a unionised workforce.

Only four employers attributed stoppages to the "troubles" in Northern Ireland and three of these cases dated from the strike of the Ulster Workers' Council in 1974.

Foreign Industrial Investors in Northern Ireland: an assessment of their industrial relations experience, Labour Relations Agency, Winsor House, 9-15 Bedford Street, Belfast BT2 7NU.

Bid to halt tax staff exodus

By David Brindle

A TEAM of senior Inland Revenue officials has been set up to investigate ways of making good anticipated shortfalls in the number of fully trained tax inspectors.

The move, announced yesterday, follows claims by the Association of Inspectors of Taxes that a sharply rising number of staff is leaving for better-paid jobs in the private sector.

The association, which hopes the Revenue's inquiry team will recommend special pay increases, says that more than 90 fully-trained inspectors have resigned this year, a 50 per cent rise on the 1984 total of 60, which was considerably above the previous high of 35.

The union has told the Treasury that 75 per cent of those resigning give poor pay, or poor pay prospects, as the principal reason for doing so.

Mr Peter Stokes, president of the association, welcomed the Revenue's announcement of an investigation. He added: "It's not before time.

"The problem has been around for a couple of years now, and we can't expect this working party to report before late spring or early summer."

The union's idea for solving the staff retention problem is to increase substantially the £1,000 allowance paid to about 40 per cent of the 2,400 qualified inspectors, and extend it to all main grades.

Seamen to meet over ferry dispute

BY DAVID THOMAS, LABOUR STAFF

TOWNSEND THORENSEN'S cross-Channel ferries from Dover are unlikely to resume before Christmas.

The company and the National Union of Seamen held talks for most of yesterday about the dispute, which has disrupted services for more than a week.

An NUS mass meeting is due to consider the dispute on Monday. Since it takes 24 hours for services to resume, the company said yesterday that the chances of pre-Christmas sailings were dwindling.

The diispute is over arrangements for enlarged services. The union held a 72-hour strike. The company then refused to restart services unless an agreement on the outstanding issues was reached.

● Seamen on Sealink's Holyhead-Dun Laoghaire service yesterday called off their threat to strike before Christmas.

The seamen threatened action because they feared that Sealink would withdraw the service after Christmas.

A dispute involving two Sealink freight ships operating out of Harwich over container switches to West German ships has still to be resolved.

TV electricians lift BBC threat

Financial Times Reporter

THE THREAT of disruption at BBC television has been lifted because the electricians' union. the EETPU, says it is now satisfied it will be able to discuss its pay grievances with the corporation.

This came as EETPU shop stewards in Independent Television met for most of yesterday to consider the separate dispute over night working and the employment of staff on short-term contracts.

Tebbit apologises for libel of union chief

BY OUR LABOUR STAFF

THE PRESIDENT of the Prison Officers' Association yesterday received an apology and costs for a suggestion in a Conservative party political broadcast that he had backed the National Union of Mineworkers.

Mr Colin Steel was said in the High Court to have been pictured in the broadcast holding up his union's block vote at the TUC conference last September, apparently in support of a resolution proposed by Mr Arthur Scargill, president of the NUM.

The commentary had stated: "The votes of millions of Conservative union members are being given by union bosses to Labour and even more extreme left-wing causes. It was the bosses' block votes that gave Arthur Scargill his victory at last month's TUC."

Mr Murray Rosen, counsel for Mr Steel who was suing the Conservative Party for libel, said his client had never used a block vote against his members' wishes: the arm holding up the voting card in the picture used in the broadcast had appeared to be his, but was, in fact, someone else's.

Mr Andrew Caldecott, for Mr Norman Tebbit, the Conservative Party chairman, said Mr Tebbit did not decide the content of the broadcast but did accept full responsibility. He apologised unreservedly and offered payment of Mr Steel's legal costs in settlement of the case.

The Investment Trust Table

The figures in the columns below are based on information supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures are unaudited.

Columns (1)–(6): as at close of business on Monday 16th December 1985. Columns (7)–(11): as at 29th November 1985.

Total Net Assets (1) £million	INVESTMENT POLICY Trust (2)	Management (3)	Share Price (4) pence	Yield (5) %	Net Asset Value (6) pence	Geographical Spread: UK (7) %	Nth. Amer. (8) %	Japan (9) %	Other (10) %	Gearing Factor (11) base=100	Total Return on N.A.V. over 5 years to 29.11.85 (12) base=100
	CAPITAL & INCOME GROWTH										
437	Alliance Trust	Independently managed	668	3.9	870	43	43	8	6	89	263
107	Bankers	Touche, Remnant	97	3.6	127	41	36	11	12	104	275
266	Border & Southern	John Govett	182	2.8	239	58	10	11	21	113	227
304	British Investment	Independently managed	367	5.7	482	54	28	17	1	85	237
76	Brunner	Kleinwort Benson	79	4.0	107	49	28	4	19□	96	238
89	Charter Trust & Agency	Kleinwort Benson	85	3.8	110	68	17	9	6	97	243
132	Continental & Industrial	Schroder Inv. Man.	665	4.3	767	63	30	2	5	98	224
521	Edinburgh Investment (w)	Dunedin Fund Managers	121	3.8	158	60	22	7	11	104	242
590	Foreign and Colonial	Foreign & Colonial	69	2.9	93	38	29	16	17	107	232
786	Globe	Electra House Group	298	4.9	398	66	24	7	3	105	245
299	Philip Hill	Philip Hill	272	5.1	309	75	23	–	2	89	224
9	Jos Holdings	Kleinwort Benson	133	3.8	151	80	10	3	7	98	266
42	Keystone	Warburg. Inv. Man.	413	3.5	535	59	20	9	12	108	†
31●	London & Strathclyde	Gartmore	166	2.3	197	66	26	4	4	100	218
46●	Meldrum	Gartmore	200	3.6	229	86	10	4	–	97	278
105	Outwich	Baring Brothers	146	3.0	191	63	13	14	10	100	232
119	Raeburn	Lazard Brothers	360	3.9	433	57	30	8	5	95	222
87	River and Mercantile	River & Merc. Inv. Man.	146	5.4	178	54	35	7	4	95	259
42	River Plate & General (w) △	Tarbutt & Co.	219	4.9	269	77	14	–	9	96	213
32	S. & P. Ret. of Assets (w) △	Save & Prosper Group	97	4.6	139	81	19	–	–	152	†
406	Scottish Mortgage	Baillie, Gifford	402	2.7	531	49	23	17	11	98	276
210	Scottish National	Gartmore (Scotland)	250	2.8	306	57	25	10	8	97	224
144	Second Alliance	Independently managed	570	4.1	749	41	44	8	7	92	263
492	TR Industrial & General	Touche, Remnant	159	3.4	215	48	23	18	11	102	220
388	Witan (w)	Henderson	166	2.5	216	61	23	10	6	106	261
	United Kingdom										
12	City of Oxford	Hambros Bank	246	4.2	277	99	1	–	–	96	250
36	Fleming Claverhouse	Robert Fleming	300	4.3	361	100	–	–	–	100	271
47	Shires (w)	Stanecastle Assets	201	10.0	204	83□	12	1	4□	60	197
121	TR City of London	Touche, Remnant	98	5.7	118	91	9	–	–	102	266
96	Temple Bar	Guinness Mahon Inv. Man.	139	5.1	168	98	2	–	–	93	287
	CAPITAL GROWTH										
	General										
221	Anglo-American Securities	Morgan Grenfell	288	2.8	392	47	36	14	3	101	†
56	Ashdown	Schroder Inv. Man.	148	2.9	168	63	23	9	5	96	205
172	Atlantic Assets	Ivory & Sime	113	0.7	139	38	60	–	2	95	209
68	Electric & General	Henderson	288	1.8	374	52	31	10	7	101	251
25	Greenfriar (w)	Henderson	254	0.9	285	63	13	10	14	108	313
	International										
74	Berry	GT Management	163	0.9	206	49	23	9	19	107	255
112	English & New York	Kleinwort Benson	110	3.2	134	13	45	14	28	97	229
80	English & Scottish	Gartmore	77	2.4*	96	48	14	14	24	90	223
21	F & C Eurotrust	Foreign & Colonial	170	1.4	171	3	–	–	97	94	266
211	Fleming Overseas	Robert Fleming	118	3.3	154	7	53	15	25	99	225
94	Fleming Universal	Robert Fleming	312	2.3	414	14	53	14	19	99	218
63●	Gartmore Inform. & Fin. (w)	Gartmore	48	3.3	64	58	42	–	–	121	200
24	Group Investors (w)	C S Investments	243	2.5	296	51	42	3	4	95	251
124	Hambros (w)	Hambros Bank	167	3.7	217	52	38	4	6	110	210
186	Investors Capital Trust	Independently managed	247	2.2	292	37	36	16	11	96	205
17●	London & Gartmore	Gartmore	245	1.5	320	43	37	–	20	98	208
10	Mid Wynd International	Baillie, Gifford	160	1.9	185	21	35	15	29	98	†
165	Monks	Baillie, Gifford	162	2.1	211	31	27	26	16	94	235
84	Murray Smaller Markets	Murray Johnstone	212	1.8*	264	20	8□	15	57	102	257
10	Nordic △	GT Management	54	–	61	6□	–	–	94	106	†
67	North Atlantic Securities △	Morgan Grenfell	290	1.7	346	1	55	32	12	96	†
130	Northern American	Dunedin Fund Managers	272	2.8	367	22	32	25	21	100	231
30	Northern Securities	GT Management	168	1.9	213	64	20	1	15	115	226
102	Romney	Lazard Brothers	280	2.4	343	33	36	15	16	96	223
272	Scottish Eastern	Martin Currie Inv. Man.	90	3.2	122	55	21	13	11	108	236
360	Scottish Investment Trust	Independently managed	312	2.7	376	39	35	12	14	102	221
75	Trans-Oceanic	Schroder Inv. Man.	160	3.4	206	43	35	12	10	95	200
79	Tribune	Baring Brothers	114	2.9	153	47	24	15	14	93	257
221	U.S. Debenture Corp.	GT Management	225	4.1	282	60	23	8	9	108	220
	North America										
136	American	Edinburgh Fund Mgrs.	133	3.2*	162	27	73	–	–	99	196
144	Edinburgh Amer. Assets	Ivory & Sime	103	0.6	135	26□	67	2	5	113	240
130	Fleming American	Robert Fleming	486	1.5	614	2	98	–	–	96	211
31	Gartmore American Secs.	Gartmore	115	1.5	153	27	57	7	9	101	258
146	Stockholders	John Govett	130	3.1	166	26	73	–	1	98	171
88	TR North America	Touche, Remnant	90	2.9	116	8	92	–	–	107	223
	Far East										
26	Drayton Far Eastern (w)	MIM	135	1.2	160	1□	–	68	31	97	200
100	F & C Pacific (w)	Foreign & Colonial	143	1.3	186	10	25	38	27	104	189
177	Fleming Far Eastern	Robert Fleming	87	1.7	116	2	–	72	26	95	237
186	Lake View	John Govett	148	2.5	183	18□	3Ø	57Ø	22Ø	103	211
5	New Australia △	Edinburgh Fund Mgrs.	81	2.6	96	19	–	–	81	81	†
13	Pacific Assets (w)	Ivory & Sime	67	–	89	35□	–	–	65	74	†
53	Pacific Investment (w) △	Thornton & Co.	80	0.6	105	10	–	60	30	100	†
30	TR Australia (w)	Touche, Remnant	86	3.6	101	16	–	–	84	87	181
117	TR Pacific Basin (w)	Touche, Remnant	122	1.2	161	5	–	74	21	97	256
	Japan										
35	Baillie Gifford Japan (w) △	Baillie, Gifford	267	0.3	324	–	–	100	–	88	†
9	Baillie Gifford Shin Nipp. (w)	Baillie, Gifford	47	–	58	–	–	100□	–	72	†
65	Crescent Japan	Edinburgh Fund Mgrs.	151	0.8	183	–	–	100	–	94	389
146	Drayton Japan	MIM	430	0.7	540	5□	1	93	1	93	241
95	Fleming Japanese	Robert Fleming	471	1.2	612	3	–	97	–	92	271
55	GT Japan	GT Management	125	1.6	158	9□	3	84	4	103	334
50	Japan Assets (w)	Ivory & Sime	46	0.2	60	1	–	99	–	88	†
51	New Tokyo (w)	Edinburgh Fund Mgrs.	186	0.7	239	–	–	100	–	93	†
	Commodities & Energy										
6●	City & Foreign	MIM	108	–	149	15	85	–	–	96	166
8	New Darien (w)	Hodgson Martin	67	0.7	77	36	57	–	7	95	†
15	Precious Metals △	J. Rothschild	107	0.7	129	10□	55	1	34	86	†
95	TR Natural Resources	Touche, Remnant	202	5.3	285	45	33	–	22	89	151
36	Viking Resources	Ivory & Sime	59	2.9	89	51	49	–	–	102	78
	Comm. & Energy (cont.)										
13	Wemyss	Edinburgh Fund Mgrs.	505	6.2	587	49	29	–	22	88	148
26	Winterbottom Energy	Baillie, Gifford	85	1.2	105	9	55□	15	21	75	127
	Technology										
10	Baillie Gifford Tech. (w)	Baillie, Gifford	73	1.7	93	52□	45	–	3	56	†
76	Fleming Technology	Robert Fleming	140	2.3	191	44	34	18	4	97	208
90	Independent	Ivory & Sime	266	0.3	320	38	59	–	3	96	†
306	TR Technology	Touche, Remnant	93	2.6	128	43	39	14	4	100	228
	INCOME GROWTH										
301	British Assets	Ivory & Sime	219	5.0	291	58	39	–	3	103	254
180	Drayton Premier	MIM	510	4.3	570	70	20	8	2	93	206
113	First Scottish American	Dunedin Fund Managers	292	4.4	355	86	9	4	1	108	271
61	General Consolidated △	Philip Hill	285	5.0	326	69	28	–	3	88	255
29	Lowland	Henderson	116	3.4	110	89	5	–	6	102	416
137	Merchants	Kleinwort Benson	104	5.2	132	62	26	4	8	88	223
141	Murray Income	Murray Johnstone	132	5.9*	152	79	11□	–	10	101	291
235	Murray International	Murray Johnstone	142	4.5*	180	48	36□	9	7	90	256
157	Securities Trust of Scotland	Martin Currie Inv. Man.	136	5.0	173	59	25	11	5	107	260
	SMALLER COMPANIES										
42	English & International (w)	MIM	138	3.6	167	63	25	8	4	112	224
60	F & C Alliance	Foreign & Colonial	90	2.7	115	48	28	14	10	103	221
13	Family	Kleinwort Benson	243	4.3	290	97	2	–	1	98	265
8	First Charlotte	Ivory & Sime	10	0.7	11	96	1	3	–	97	†
18	Fleming Fledgeling	Robert Fleming	111	3.2	139	73	24	3	–	94	227
28	General Stockholders	John Govett	144	3.1	190	49	48	2	1	103	163
54	Glasgow Stockholders	Gartmore (Scotland)	114	2.7	139	50	35	4	11	99	208
27	London Atlantic	Investors in Industry	172	5.1	223	71	16	–	13	96	236
18	Moorgate	Philip Hill	334	5.6	376	94	1	–	5	93	311
17	North British Canadian	Investors in Industry	204	4.4	259	92	6	–	2	103	263
52	St Andrew	Martin Currie Inv. Man.	117	3.4	151	58	26	12	4	93	250
193	Scottish American	Stewart, Ivory	280	3.0	345	49	34	10	7	97	220
34	Smaller Companies Int.	Edinburgh Fund Mgrs.	68	2.5	87	51	28	21	–	96	251
15	Strata Investments (w) △	Henderson	99	–	100	54	16	13	17	54	†
190	TR Trustees Corp.	Touche, Remnant	146	3.7	194	67	26	6	1	110	221
201	Throgmorton (w)	Throgmorton Inv. Man.	249	4.3	308	88	10	1	1	113	†
	SPECIAL FEATURES										
61	Ailsa △	J. Rothschild	97	2.7	119	46	28	15□	11	95	†
12●	Consolidated Venture (w)	MIM	102	1.2	135	14□	86	–	–	82	210
139●	Drayton Consolidated	MIM	317	4.5	401	71	21	5	3	93	187
19	Edinburgh Financial (w)	Stanecastle Assets	40	3.2	44	86□	7	4	3	121	†
35●	Fleming Enterprise	Robert Fleming	293	4.1	354	99	1	–	–	93	282
250	Fleming Mercantile	Robert Fleming	129	3.3	164	57	27	8	8	96	222
20	GT Global Recovery △	GT Management	129	2.2	154	73	17	–	10	114	†
205	Murray Growth		113	1.8*	134	44	38□	10	8	89	†
41	Murray Ventures (w)	Murray Johnstone	333	2.4	394	71□	10	6	13	91	247
78	Nineteen Twenty-Eight △	London & Manchester	168	3.0	208	95	5	–	–	96	213
8●	Stewart Enterprise (w)	Stewart, Ivory	38	1.5	49	60	27	9	4	96	†
90	TR Property	Touche, Remnant	147	3.6	187	69	17	6	8	98	203
	SPLIT CAPITAL (x)										
22	Altifund 86/88	Gartmore	520	0.1	618	98	2	–	–	91	271
2	Child Health 87	Thornton & Co.	300	–	349	54	7	19	20	98	221
38	City & Commercial 88/93	MIM	630	–	912	88	5	6	1	112	261
32	Dualvest 85/87	MIM	1180	–	1365	91	8	1	–	108	236
30	Fundinvest 85/90	MIM	320	–	417	84	8	7	1	109	243
2	Marine Adventure 88	Thornton & Co.	180	–	231	50	7	20	23	99	†
37	New Throg. (1983)(w) 08	Throgmorton Inv. Man.	37	–	116	100	–	–	–	152	†
33	S. & P. Linked 95/97	Save & Prosper Group	336	–	584	100	–	–	–	118	346
20	Throg. Secured Growth –	Throgmorton Inv. Man.	310	–	394	100	–	–	–	68	215
83	Triplevest 87/91	MIM	780	–	1148	89	10	1	–	112	223

NOTES TO THE TABLE

† No data.
\- Applies to Ordinary/"A" Ordinary only.
□ More than one quarter in non-equity investments.
(x) Capital shares and winding-up dates.
z Incorporates recent revaluation of unlisted investments.
ac Adjusted for scrip issue.
ar Adjusted for rights issue.
(q) Published quarterly.
(w) Company has warrants or options in issue.
● More than 20% in securities or other assets included at directors' valuation.
△ The Trust has provisions for a limited life. Please refer to the company for further information.
Ø Figures not directly comparable with previous month.

Cols. 1, 4 to 6 Figures supplied by Wood Mackenzie & Co. Ltd. members of The Stock Exchange. The figures in Cols 1&6 are simulated to date shown based on latest valuation supplied by the companies and made available to The Stock Exchange.

Col. 11 The gearing factor indicates the percentage amount by which the net asset value per share would rise if the value of the equity assets increased by 100 per cent. Further explanation is given in the booklet 'More for your money.'

Additional explanatory notes are available on request from The Secretary, The Association of Investment Trust Companies, Park House (6th Floor), 16 Finsbury Circus, London EC2M 7JJ. Tel: 01-588 5347.

AITC

INDICES OF FIVE YEAR TOTAL RETURN

+ Investment Trust Average	231
F.T. – Actuaries All-Share	271
* Standard & Poors Composite	271
* Tokyo New Stock Exchange	363
* Capital International World	278

+ Excludes split capital.
* Adjusted for exchange rate changes.

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Saturday December 21 1985

New mood of confidence

WHAT a difference six months makes. "Unbalanced and unsustainable" were the two key words, repeated time and again, in the stern critique of inconsistent government policies and ominous international trends which the Organisation for *Economic Co-operation and* Development published in June in its semi-annual Economic Outlook. By Thursday this week, when the OECD returned for this year's second bite at the cherry, the world's economic prospects had been transformed. "Co-operation," instead of "imbalance," is now the pivotal word in the overview's title and we are told that recovery "may have a greater chance of proving sustainable than appeared the case six months ago."

That may not quite sound euphoric; but, coming coincidentally on the same day as a virtually identical assessment of the world economy by the Bank of England, the OECD Outlook connotes a quiet confidence among the world's economic policymakers which is in many ways a welcome change.

It almost seems, as the decade reaches its mid-point, as if economic policy may be emerging from the manic depressiveness which overtook it after the second oil shock. The despair about ever-accelerating inflation has vanished and with it the desperate measures of sledgehammer monetarism which it provoked. Gone also is the exuberant hype of the "supply siders" and the extreme free-marketeers.

It seems to be this rather abstract sense of intellectual ferment—or rather, of the end of a ferment which had outlived its usefulness — that accounts for the new-found breeziness among professional economists in organisations like the OECD and the Bank of England. What, after all, has changed in concrete terms during the six months since the OECD warned that "imbalances in the world economy could build up to unmanageable proportions" unless there were decisive action?

In terms of economic growth and current account imbalances the world economy's performance in 1985 has turned out to be marginally worse than the OECD predicted six months ago. Even inflation is likely to end this year no better than expected and the forecast of inflation for 1986 has been clipped by a mere ¼ of a percentage point.

The development on which the OECD and the Bank of England have both focused their hopes and attention concerns policies not events. It is September's Group of Five decision to push the value of the dollar further down. And indeed the fall in *the dollar should, in time, begin* to restore a somewhat better balance to trading and financial flows around the world. Yet the worldwide satisfaction with the G5 initiative is full of paradoxes and inner contradictions. After all, the G5's successes have not been built, so far at least, on the kind of fundamental *policy changes which* politicians and economic officials around the world had been demanding.

The US Congress may have passed the Gramm-Rudman amendment promising budget reductions from 1987 onwards but in the current year it is clear that the deficit will con*tinue to hover around the* $200bn mark. In the fiscal year ahead the effect of the amendment will be to deliver substantially smaller deficit cuts than the President, the Senate and the House had each independently claimed were absolutely critical to America's economic health. And the diminishing sense of urgency in Washington on the deficit issue ironically owes much to the success of the G5 initiative.

Wrong-headed

In West Germany and Japan, meanwhile, the pressure for more expansionary fiscal policies of the kind which the OSCD was advocating earlier this year has also been diminished, rather than increased. On the microeconomic front in Europe generally, it is by no means obvious that the momentum of structural reforms has accelerated in the last few months. Again, the initial effect of the G5 has been to supplant anxiety about Europe's never-ending unemployment crisis with a touch of complacency about the fundamental strengths of the European way of doing things, now that the euphoria over Reaganomics is ebbing away.

Despite these paradoxes, however, the OECD and other commentators are right to regard the G5 initiative and the subsequent fall in the dollar as an important, and welcome, milestone in international economic progress. For the idea of international co-operation to deal with economic problems is enormously import*ant as an end in itself.* In a world of free capital movements, no government, not even America's, is fully sovereign over economic policy. On the other hand, governments which are sufficiently aware of the international implications of their domestic decisions can have more impact on their own and their neighbours' economic fortunes than they sometimes suspect. Even in a world, where many government policies will continue to be wrong-headed, the chances of crisis can be greatly diminished by awareness of this fact. As one senior OECD official puts it succinctly: "We now *feel* that at least someone is minding the ship."

LEADERS AND LAGGARDS 1985

Not an easy year, but one for the record book

By Lucy Kellaway

HIGHER INTEREST rates, slower profit growth unprecedently large demand for cash, and the remarkable decline of one of its largest sectors. Despite all this, 1985 has been another record year for the stock market.

Early in the year the FT 30 *Share Index confidently broke* through 1,000 for the first time so that it is now 17 per cent higher than at the outset. The All-Share index, which at the new year was below 600, touched 702 last month before the latest oil price scare halted its hitherto inexorable momentum.

Two pleasant surprises during 1985 explain much of the market's rise. Economic growth of 3½ per cent proved more solid, while inflationary pressure turned out less potent, and most people had expected, and prices rose by only 5½ per cent during the year.

A sharp rise in the pound weakened the otherwise healthy effect of non-inflationary growth, on corporate profits, which rose by an average 10 per cent, compared to 25 per cent last year.

Meanwhile, generous rises in dividends continued to drive the market forward. Companies paid out 18 per cent more than last year, when dividends rose by a record 21 per cent. However, in marked contrast to previous years, dividends in 1985 rose faster than earnings.

Part of the reason for this was the surge in the number of hostile takeover bids. In order to discourage any unfriendly approaches companies *returned more of their cash to* shareholders.

Whether friendly or unfriendly, rumoured or actual, the takeover has been one of the year's big themes. In an extraordinary flurry of activity over the last few weeks, bids worth a total of over £8bn were launched for companies including Plessey, Imperial, Distillers and British Home Stores.

With great piles of cash after three years of strong profits growth, and with share prices at historic highs, companies have had the means to make large acquisitions. Even those without large cash reserves have not been prevented from making large bids, as banks became ever more willing to back small companies like (Elders and Argyll) in their bids for larger ones (Allied Lyons and Distillers).

The market also seems to have found promise as exciting as reality on the bid front. By *the beginning of December,* 23 out of the top 100 companies had a significant bid premium in their share prices, according to stockbrokers Rowe & Pitman.

If takeovers dominated the end of 1985, rights issues overwhelmed the start of it. Companies raised more than £3bn in the first half via rights issues, more than twice the amount raised in the whole of last year. Encouraged by the strength of their share prices, Woolworths, Bank of Scotland, Tesco, Barclays, Saatchi and Saatchi United Biscuits, Trust House Forte and STC each called on their shareholders for over £100m.

However, when in June Hanson Trust attempted to raise £520m in the largest ever rights issue by an industrial company, investors indicated that they had had enough and the issue was badly undersubscribed.

The Hanson issue coincided with other heavy demands on *investors, including a second* call from British Telecom and the flotation of Christian Salvesen, which together drained about £1.9bn from the market within three weeks. Between June and July the market fell by 8 per cent.

1985 was another rich year for flotations, with about £1.2bn raised through offers for sale. The most sought after issue was Laura Ashley which was 34 times oversubscribed, while the least popular was Chrysalis, the record company, of which more than 90 per cent was left with the underwriters.

No new companies were privatised, although the Government sold extra slices of British Aerospace, Britoil and Cable and Wireless to raise a total of £2.9bn.

The relative movement of sectors within the market has been turned inside out this year by the sharp rally in sterling, which has meant that companies that make a lot of money abroad, like ICI or BAT, have lost out relatively to domestic earners. Tobaccos and chemicals, have been the biggest losers, underperforming the market by more than 10 per cent, while stores and brewers have outperformed by about 20 per cent.

There were other reasons for the strength of the stores sector, which enjoyed a rise in consumer spending for the third year running—up 2½ per cent in real terms over the year. Some of the excitement that had hitherto been confined to *the High Street spilled over to* the mail order industry, with a major re-rating of Freemans, which was the fourth best company on the stock market last year in the over £70m bracket.

The retail sector also witnessed more than its share of bid activity. In a year in which Debenhams, British Home Stores, House of Fraser, Collier, MFI and Foster Brothers were all taken over, remaining independents acquired a scarcity value. Two of these, Liberty and Morrison, have seen their share prices rise far enough to earn them a place in this year's league tables.

The other companies that have distinguished themselves as leaders and laggards this year are not quite such a disparate bunch as usual. Indeed, nearly three-quarters of 1985's laggards reflect the electronic sector's remarkable fall from favour during the year. In January electronics companies accounted for more than 7 per cent of the All-Share index. The figure is now about 4 per cent.

The first signs of the fall-out showed in last year's tables. Then it was confined to Acorn and a couple of other casualties in the home computer market. This year the ripple spread out —not only did companies like AB Electrical and BSR find themselves writing off great chunks of Acorn's debt, but the downturn in the industry spread to micro-computers, computer peripherals and then hardware in general. Margins on many products vanished, and with them went the profits of such companies as Spectrum, CPS Computer, Apricot and Micro Business Systems.

At the same time, other hardware companies like CASE, one of last year's stars, severely displeased investors by taking a disastrous step into the fiercely competitive US market.

The collapse of Micro Focus in the spring shattered any thoughts that software companies were insulated from the fall-out. In May the company revealed profits a fraction of what the market had expected, and its share price fell by over 50 per cent in the space of a few hours, earning it the prize as the year's most dramatic casualty.

Neither was the shake-out contained within the computer industry. The market for electronic components also contracted sharply, hitting both the specialist manufacturers like TDS Circuits as well as giants like STC, the largest company among this year's laggards. The telecommunications market, which provides STC with its bread and butter, also became more difficult, and liberalisation undermined its cosy relationship with British Telecom.

As if to prove that in 1985 investors did not blindly turn against all electronics companies, Amstrad's share price more than doubled during the year, only just exceeding its growth in profits. Amstrad seems to have succeeded in the competitive markets of television, home computers and videos by providing a no-frills product at the lowest possible price.

If there was one market worse than electronics in 1985, it was that for drillships. Common Brothers and Jebsens Drilling both found that their ships were idle or hired out at rates that did not cover costs for most of the year, and reported big losses. Common Brothers, for whom product tankers have also proved a serious drain on resources during the year, nearly went under in the summer and had to be rescued by its bankers.

The world surfeit of drillships has been one consequence of a falling oil price. More obvious has been the effect it has had on the oil companies themselves, which have underperformed the market htis year by over 10 per cent on average. The smaller ones, which are particularly exposed to the oil price, have fared worst, with some, like Sovereign Oil and Gas, down by more than half.

There has, however, been one outstanding exception. Triton Europe, which until recently was a relatively obscure USM oil stock called Invent Energy, has easily secured a place for itself at the top of the large companies' league table. Like Saxon Oil, Triton has done what most of the other independent oil companies have spectacularly failed to do: it has made a major oil discovery. As a result of finding oil in the Paris basin, Triton's share price has risen from 100p at the start of the year to more *than 400p,* although it has fallen back sharply in recent weeks in sympathy with the oil price.

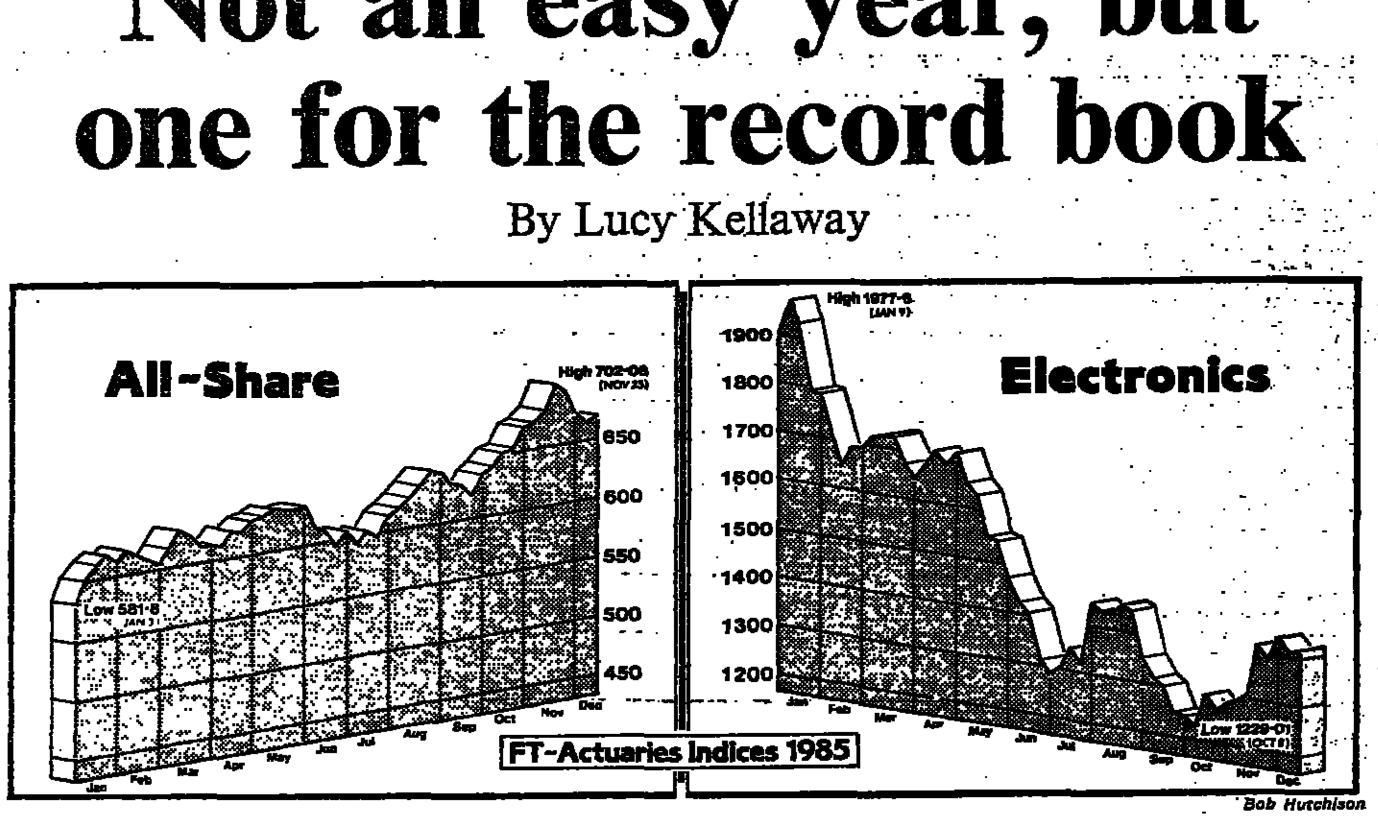
Early in 1985 the miners' strike ended after 13 months of bitterness. Although no company failed as a result of the strike, some were badly bled. Three of this year's winners, Ryan, British Benzol and Associated British Ports (which also had the dock strike to contend with) owe their places in the table to their bold recoveries from the aftermath of the strike.

The return to grace of Johnson Matthey was also a reaction to the events of last year, when *the failure of its banking* subsidiary made it one of 1984s bottom 10. New management brought in during the spring set about repairing the company's balance sheet and achieved a pleasing £250m reduction in borrowings within six months.

New management has given others among the stock market's stars a more sparkling image. The most notable, perhaps, has been the rejuvenation of Waterford Glass, into which the management of Globe Investment Trust moved with effect last year. Parkfield, the loss-making USM foundry group, has been turned round by a new chairman who joined the board in 1984.

A change in ownership rather than management is the reason for the soaring advance of Wire and Plastic Products, and Somportex, the year's highest climbers. However, the market's excitement has nothing to do with the merits of either company—both are merely expected to serve as a platform for exciting acquisitions. Most dramatic has been Wire and Plastic Products, a sleepy little industrial company based in Kent, in which Saatchi and Saatchi's finance director has taken an interest. Control of Somportex, which was a City favourite until the craze for its "slush puppie" drinks ended suddenly, was jointly taken earlier this year by a stockbroker and a director of Carlton Communications.

Finally, a cautionary tale is provided by the 75 per cent drop in Sound *Diffusion*'s share price during the year. With little deterioration in its underlying business, the company has mismanaged its relations with the City to such an extent that it may have done lasting damage to its rating. Not once, but twice this year, it indicated to the market that trading was going well, omitting to mention that one of its subsidiaries was in trouble, and that it was having problems with some of its creditors. The market has thus been wrong-footed twice in succession by disappointing results. This time the company again insists that all is fine, but few people seem prepared to listen.



FT-Actuaries Indices 1985

Bob Hutchison

THIS YEAR'S WINNERS AND LOSERS

CAPITALISED AT OVER £70M ON JANUARY 1

	% change on year		% change on year
Triton Europe	+175	Acorn Computer	−89
Amstrad Consumer Elec.	+144	Micros Focus	−84
Associated British Ports	+115	Apricot Computer	−76
First National Finance	+107	Sound Diffusion	−75
Johnson Matthey	+105	Micro Business Systems	−73
Waterford Glass	+100	STC	−69
Freemans	+ 99	AB Electronic Products	−65
Lucas Industries	+ 87	Logica	−63
Associated Newspapers	+ 85	CASE	−60
Morrison Supermarkets	+ 71	Sovereign Oil and Gas	−60

Source: Datastream

CAPITALISED AT UNDER £70M ON JANUARY 1

	% change on year		% change on year
Wire and Plastic Products	+762	Commons Brothers	−94
Somportex	+500	Jebsens Drillings	−89
Parkfield	+347	Burnett & Hallamshire	−87
Regalian Properties	+332	Spectrum	−84
British Benzol	+317	Xyllyx	−80
Unigroup	+270	TDS Circuits	−79
"Times" Veneer	+251	Entertainment Products Svs	−79
Liberty	+210	CPS Computer	−79
A&P Appledore	+190	Castle (GB)	−78
Ryan International	+175	Combined Tech Cpn	−76

Source: Datastream

Man in the News

Robin Leigh-Pemberton

Coming up for air after a hard week

By David Lascelles, Banking Correspondent

AS A keen horseman and farmer, Mr Robin Leigh-Pemberton knows all about thick hides. He needed one this week when Mr Brian Sedgemore, the Labour MP and scourge of the City, lambasted him as "that appalling dead-beat"—an epithet infrequently applied to the holder of one of the most dignified offices in the land, the Governer of the Bank of England.

But Mr Leigh-Pemberton refuses to let it get him down. "These attacks have been made in such exaggerated terms that they do not worry me unduly," he said yesterday with a smile.

Seated in his spacious office overlooking the peaceful inner courtyard of the Bank—the only sound the ticking of an antique clock on the mantlepiece—it may be easier for him to shrug off these verbal assaults. The elaborate trappings of the Bank, the attendants in their pink tail-coats and the pots of early spring flowers—it feels more like the drawing room of a grand country house than the heart of the City of London.

But the pile of newspaper clippings carefully assembled and marked with red ink on his desk tells of a tougher world of City fraud, scandals at Lloyd's, attacks on the Bank's competence, calls for the Governor's resignation—the whole storm in which the Bank has been swept up in the two and a half years since he took office.

If Mr Leigh-Pemberton refuses to take it all personally, it worries him in a different way. "I do feel concerned about the attacks on the Bank itself because I do not feel they are justified"—a brief pause—"for the most part." The little exception is Johnson Matthey Bankers where the Governor *agrees, the Bank "did fall* down."

"I don't think it is in anybody's interest that an important national institution like the Bank should be attacked in this irresponsible way." Not, the Governor hastens to add, that the hue and cry has damaged the Bank in the eyes of those who know it, "but it is inevitable that in certain circles some of this sticks."

For many of the Bank's critics, though, the brouhaha is the predictable result of an appointment that was contro*versial from the start.*

In spite of a term in the late-1970s as chairman of National Westminster Bank, Mr Leigh-Pemberton, now 57, a lawyer, gentleman farmer and former grenadier guardsman, did not seem ideally qualified for a job that has broadened over the years from responsibility for the UK banking system to stewardship of the City as a whole as at a time of epoch-making change. His easy-going manner and the Bank's tardiness in responding to mounting crises all seemed to point to a slacker regime than that of his predecessor, the grim-faced but much respected Lord Richardson.

This weeks' White Paper on Banking Supervision, which proposes new laws to patch up the holes through which Johnson Matthey slipped, has also been read as a move by the Treasury —acutely embarrassed by the whole JMB episode—to limit the Bank's powers by installing a new board to superives the Bank itself. The Bank's very standing seemed to be slipping.

...These are all interpretations which Mr Leigh-Pemberton rejects. While the Bank did go through a bad patch last summer, "the Treasury's confidence in the Bank's role in the future has, I'm sure, improved," he claims. "I'm not under the impression that my position is weaker. I think if anything it has strengthened in the past few months." Much of the White Paper, he says, is based on his own recommendations.

As for the new board, he supports that, too, and "I do remain the supreme supervisor." He adds as a slightly embarrassed afterthought, "if that's not too vain a phrase."

In his wider role as City steward, Mr Leigh-Pemberton now has the task of boosting the cause of self-regulation for the City, as proposed by this week's other big piece of legislation, the Financial Services Bill. Pleading the case that the City can be trusted to run itself is not, in the present political climate, an enviable task. But maybe his experience as an advocate will help: it is certainly a cause in which he claims to have a strong personal belief.

"I have always been fundamentally at one with the principle of practitioner-based regulation. Remember, not a single member of the public has lost a single penny through transgression on the Stock Exchange in living memory; because anyone who falls short of its standards gets hammered."

The City's other big self-regulating market, Lloyd's, may not inspire quite the same confidence. But Mr Leigh-Pemberton says most if not all the wrongdoing there ("I am not to know everything") took place before the 1982 Act which was supposed to clean Lloyd's up. "It grew, but I think it is now *shrinking or even a matter* of history."

The trouble, the governor acknowledges, is that the city will be seen by the outside world as a club run for its own benefit. And that will put even greater pressure on the Bank to uphold standards—or lose its credibility as merely another member of that club. So he talks of tough sanctions and of the Bank's determination to have a strong independent chief executive at Lloyd's to keep the City's name clean.

Mr Leigh-Pemberton knew that his term as Governor would be demanding. But he has had his share of nasty surprises, and he cannot have expected to be facing calls for his resignation before he was even half way through. These, he rebuts.

"The law says that the Governor is appointed for five years. I think if he feels for personal reasons that he ought to go because of health or ability that is one thing. But I don't think the Governor of the Bank of England should be forced out by political pressures. I see the office as one which is very detached from that element. It is designed, as I see it, to provide some form of continuity."

Christmas will provide a welcome break from the hurly burly, though Mr Leigh-Pemberton has grown accustomed to having his free time interrupted by crises. "I intend to spend as much time as I can getting exercise in the open air." He is hoping Father Christmas will give him some good books to read, and a little practical article like a pocket knife or a pair of riding gloves. But, for once, he would like something to be a pleasant surprise.

هكذا من الأكل

The expense account world of the £40 meal...

London restaurants are under fire for high prices and poor value. **Nick Bunker** investigates the economics behind the bills. **Paul Betts** (below) sees whether Paris offers better value.

MY WIFE and I were *half-way* through our bottle of Gewürztraminer 1981 (less opulent than '83), and I was nibbling at the trout mousse inside my smoked salmon, when she paused between mouthfuls.

"There's grit in these mussels," *she said*, poking with a silver fork at her £4.50 portion of moules à la crème d'ail.

Fortunately, that was the only blemish *on an otherwise* acceptable dinner. Fortunately, because the meal cost us, or rather the FT, more than £66 for two.

The scene was La Ruelle, a 13-month-old restaurant in a side-road off London's Kensington *High Street*: the kind of restaurant whose pastel-shaded decor features a Dégas corner, hung with Degas drawings, and whose recent visitors have included the Duchess *of Beaufort* and Mr Peter Miller, the chairman of Lloyd's.

La Ruelle was launched with the specific aim of winning a place among the top six or so French restaurants in Britain. It has yet to show a profit for its owner, the nearby 830-bed London Tara Hotel, itself a subsidiary of Aer Lingus, the Irish state-owned airline which in the 1970s began diversifying into the hotel and catering industry.

The restaurant's success in realising the annual profits of up to £70,000 hoped for by Mr Eoin Dillon, the London Tara's manager, will depend on two factors: the chef, Mr Dominique Orizet, and the economics of the London *restaurant business.*

High property prices, rents, rates, the price of ingredients and the influence of expense accounts have helped produce a *situation in which* "the cost of eating out at the top end of the market now beggars belief," according to Mr Drew Smith, editor of the Good Food Guide, *writing in its 1986 edition.*

La Ruelle is far from being the most expensive: a recent, admittedly excellent, birthday dinner at Rue St Jacques, near *Tottenham Court Road*, cost a couple £97, and bills of more than £40 a head are now frequent.

But some observers feel that *economic pressures* lead too many restaurants less dedicated than La Ruelle to skimp on quality to maximise earnings.

"It's unfair to have a great big thwack at the catering trade for its high prices. It's not their fault if their costs are so *high," says Mr Smith. But,* he says, it is now "extremely likely" that diners-out in *expensive London restuarants will* find themselves paying over the odds for bland, mediocre cooking.

Mr Dillon can set out the difficulties faced by a restaurant like La Ruelle. Market research before it opened in October 1984 showed that the kind of customers aimed for would pay at least £24 or £25 per head for *dinner. At that price, he estimated*, he could make a decent profit if La Ruelle opened five days a week *(to save on staff* costs for weekend work) and served 60 covers nightly, yielding an annual turnover approaching £400,000, before *allowing for extra lunchtime* trade.

Mr Georges Dugarin, La Ruelle's manager, reckons that a new restaurant might need a *year-and-a-half to make its* mark and break even.

"At first, I suppose we just wanted to stick a toe in the market, and initially, there was a flurry of curiosity, and we did very well," says Mr Dillon. But by January this year, La Ruelle was serving only 10 or 11 covers each evening—prompting him to step up promotional activity, hiring a public rela*tions consultant* who sought advertising and editorial coverage in publications such as Vogue, *House and Garden*, or the new Debrett's magazine.

Recently, the number of covers each evening has risen to an average of between 30 and *50. The kitchen, staffed by a* chef, a sous-chef, and three commis-chefs, serves around 80 meals a day, including lunches.

For the moment, Mr Dillon *is content to sustain losses*, confident that by April La Ruelle will be making money. A breakdown of his costs shows that a restaurant without the backing of an organisation like the London Tara might be less sanguine.

In theory, says Mr Dillon, about 36 per cent of a high-class restaurant's costs should be for food, and 30 per cent for *labour*. Mr Orizet's *salary* has not been disclosed, but a top French chef in London might expect to make *£15,000*. A commis-chef could take home £120 a week, plus a share in service charges, and other extras.

Cutlery and linen alone will account for another 7 or 8 per cent of costs.

That leaves a gross profit of around 25 per cent, before *allowing for overheads*, depreciation and interest payments: which are where the problems lurk for some owners.

The London Tara paid about *£160,000 for a short-term*, renewable lease on premises which have housed three other restaurants in the last 25 years. The figure might have been at *least £200,000 for space on* Kensington High Street. Mr Dillon spent £60,000 on redecoration: it might have been far more if he had gone to an outside company instead of using existing hotel staff as designers.

Other restaurateurs, like Mr *Nico Ladenis, the chef and* former proprietor of the Michelin-rated Chez Nico in Battersea, have quit London because they could not borrow the estimated £730,000 needed to finance a new West End restaurant.

Part of his problem was "the Michelin syndrome." Winning three stars in the guide can generate enormous profits for an owner: the attempt to do so might bankrupt him.

"Once you have one Michelin star, you want to get two," says *Mr Ladenis. "But once you have* two the ball-game becomes very big business indeed."

He realised it was time to migrate to Shinfield, in Berk*shire, when in an attempt to* expand from his cramped quarters south of the river he looked at former bank premises in Great Portland Street. A lease *on 3,150 square metres* would have set him back £25,000 a year in rent (with a five-yearly rent review), and £10,000 in rates. Conversion might cost him another £200,000. Add to that the cost of ingredients. Mr Ladenis has had to scrub from his menu dishes like turbot, after paying £64 for a single fish from Brixham.

Where does this leave consumers — *who pay the price of* London property inflated restaurant bills? In most cases, it leaves them relying on expense accounts.

Even at *La Ruelle, with its* relative price advantage, Mr Dugarin estimates that 70 or 80 per cent of diners are expecting their companies to pick up the bill.

On the one hand, expense accounts provide a steady *stream of customers* keeping afloat the best eating-places; on the other, says Mr Smith, business diners may show insufficient concern about value for money.

In the meantime, his advice is simple: "Go to the Rolls-Royce, *like Gavroche or Tante* Claire, because the Ford Cortina may be just as expensive — and not worth the money."

Georges Dugarin (left) with chef Dominique Orizet.

... and wild mushroom terrine with a 1,000 franc bill

A. de Roll

● Mr Vrinat

IT IS probably more difficult to book a table at Taillevent than to fix a luncheon rendezvous with a French minister. It can take more than two months to reserve for dinner at what is arguably the best res*taurant in Paris. At lunch*, booking is a little easier—perhaps only a week or two's wait is necessary. "If you are lucky you can drop in on an off-chance that someone has cancelled at the last minute," Mr Jean-Claude Vrinat, the patron, says without much conviction.

On the day of our visit there was one empty table because of *a cancellation, Mr Vrinat, a cour*teous and soft-spoken man turning 50, seemed everywhere and nowhere in the wood-panelled dining room and the great stone hall of the Second Empire building which was the Embassy of Paraguay before it became a restaurant.

He attends customers at their tables, disappears into the kit*chen to watch the preparation* of each dish before it goes to the dining room, and is back again to see each guest to the door after the meal.

"When I went to Mexico on *my honeymoon," he says, "my* wife and I spent a terrible time in an expensive restaurant. They gave us the worst table. You couldn't see the orchestra and you heard the toilets running all evening. When we left no one said goodbye. I promised that this would never happen at my place."

Lunch for two at Taillevent *costs about FFr 1,000 (£90). For* this you can eat a terrine of wild mushrooms and a flan of fresh *asparagus tips, followed by* lightly poached oysters in saffron with leeks, a sherbert made from Saint Emilion wine to clean the palate, scallops from Brittany and hot ducks liver in ginger and rasperry profiteroles. The food would be *accompanied by Chateau Bey*chevelle and Evian water. You can, however, eat and drink for *less.*

"I could increase my prices by 10 per cent and still fill the restaurant every day. But what I'm interested in is not the total *at the bottom of the bill but in* the ambience and who comes to my restaurant," says Mr Vrinat.

In his quest for perfection he has decided to cut the number of meals served in the restaurant by 10 per cent this year despite the queues for bookings. Taillevent will have served 42,000 meals this year com*pared with 46,000 last year.*

But for all his devotion to food, Mr Vrinat is, above all, a businessman. From the beginning he trained to manage the family restaurant business. He went to the Haute Ecole Comerciale (HEC), one of the top management schools in France. For the past 23 years he has worked at Taillevent *(named after the chef of* Phillipe de Valois and Charles V, who wrote the first cook *book in French in 1379)*, and since taking over the running of the business from his father, he has sought to blend traditional with modern manage*ment techniques.*

Taxes eat up a great part of a French restaurant's income. Direct and indirect taxes as well as social security charges accounted for 32 per cent of income in 1974. The percentage rose to 40 per cent last year *and is likely to be around 42* per cent this year.

Taillevent none the less continues to be a profitable business enterprise expected to net before taxes about FFr 2.5m on sales of FFr 24m this year. With family capital invested in *the business and the restaurant* working at full capacity irrespective of the general economic climate, Mr Vrinat has never been forced to borrow, and has been able to manage the business on internally generated cash flow.

However, urged by his bankers, Mr Vrinat has decided to borrow this year to finance a series of investments in his restaurant. He invested FFr 1m *two years ago in a* Hewlett-Packard word processor with four terminals. "It is part of *the need to maintain a climate* of progress in the business. I had thought of installing one as early as 1976," he says.

Morale and a good working relationship with his staff of 48 is as important as good book-keeping. "This is why I try to *be both a traditional patron* and a modern manager." Mr Vrinat demands high standards *of dedication* and competence from his staff. He pays them well. His master chef Claude Deligne grosses about FFr 37,000 a month, while a waiter probably earns about FFr 18,000 a month through his share in the 15 per cent *service charges. The staff (23* in the kitchen; 21 in the dining rooms, four people for administration) is *loyal. The* barman Claude, for example, has been with the house for 20 years.

Staff costs represent the single biggest item in Taillevent's *budget. For every* FFr 100 a customer pays, FFr 30.58 goes to cover salaries and social charges.

Mr Vrinat adopts a fastidious *approach to retaining his three*-star Michelin guide rating. "Thanks to the three stars we never had a dead season. We are always full." But the prestigious rating—there are only four three-star restaurants in Paris—also poses problems. Mr Vrinat has been in the midst of a controversy this year after he was accused, along with *other famous restaurants in* Paris, of discriminating against Americans.

Mr Vrinat has so far not been tempted to diversify into other *businesses or to use his restau*rant's name to help sell other products. The most successful *example of diversification is* Maxim's. Since it was taken over by Pierre Cardin, the fashion designer has used the name Maxim for a range of *food products and off-the-peg* clothes and has opened a string of Maxim restaurants including one in *Peking*. Maxim has refused to accept a Michelin rating since it had one of its three stars taken away.

As we were talking, a distinguished old lady with two walking sticks got up from her table to leave. Mr Vrinat immediately jumped up and escorted her to the door. "Many of my customers like to have a chat. They sometimes ask for advice. In this case, the lady wanted to *know if I was interested in buy*ing her cellar." he said.

When it was time to go it was already dark outside. Mr Vrinat was getting ready for his first dinner guests. The phone rang and the inevitable answer came: "I'm terribly sorry but *we are fully booked tonight and* for that matter all month for dinner."

Letters to the Editor

Small business needs

From Mr W. Diment

Sir, — Some recent work by ourselves for the Manpower Services Commission on training requirements for small businesses, shows similarities with the Coopers and Lybrand report (December 11). It re*vealed that although more than* 80 per cent of our respondents stated that they were interested in training *for some part of* their organisation, less than one in five had any training policy and only 2 per cent a training budget.

A major difference between the large organisations and small businesses is the latter's lack of awareness of training provisions and aid availability, plus the paucity of contact between themselves and the training providers, for which both parties must take some blame. In most large organisations there are either training *or personnel managers who have* identified training needs and are usually aware of the providers of such training. *In small* companies, frequently with an owner/manager only, training, as with most non-immediate problems, tends to be relegated *unless* sufficient external promptings are applied.

I think, therefore, that several of the recommendations are even more pertinent to the small business community. In particular, the setting up of local networks of employer-led bodies *to monitor training*, collect information on training needs, etc and the developing of links between college departments and potential clients in local industry, starting with the introduction of industrial liaison offices at colleges. The presentation of *case studies to demon*strate the value of training can also be very beneficial but they must be well made and specific, second-class products will do more *harm than good.*

William C. Diment.
North West Business Club,
Ashfield House,
Wigan Road,
Standish, Wigan.

Taxation of couples

From Mr J. Freeman

Sir.—So the House of Lords opposes *(December 11) Chan*cellor Lawson's sensible proposal of transferrable tax allowances between husband and wife after "virtually unanimous" support for independent taxation.

Who did they ask? Only the greedy couples intent on maximising their joint incomes and totally ignoring the responsible couples who manage on the earnings of one in these days of high-unemployment and self-seeking. They certainly did not ask me. It is time that couples where one partner does not seek paid employment are treated as fairly as those where both go out to work and transferrable tax allowances between husband and wife is one way of doing it.

John J. C. Freeman.
20a Leigh Way,
Wearerham,
Northwich, Cheshire

Looking forward in Cyprus

From Mr C. Economides

Sir.—I fully endorse the conclusion of your leader (Dec 10) that leaving things in Cyprus as they are is "a potential source of instability in an area as *sensitive as the eastern Mediter*ranean." I also agree that the result of the recent parliamentary elections has shown that the electorate does not support the idea of ousting Mr Kyprianou from the presidency of the Republic of Cyprus before the expiration of his term of office in 1988.

Another issue in the elections, however, was whether President Kyprianou should continue to handle the problem of Cyprus on behalf of the Greek Cypriot (GC) community, by himself, or whether the problem should be handled collectively and on majority *rule*, by a "*national council*" made up of representatives of all the parties in the House of Representatives and chaired by President Kyprianou. On that issue, the verdict of the elections appears to be on the side of the parties which support the latter view, for they have won 61 per cent of the votes — the Democratic Rally 33.6 per cent and Akel 27.4 per cent. Furthermore, that view appears to be *more democratic and in accord* with UN resolutions and the constitution of the Republic.

According to UN resolutions, negotiations for the solution of the *problem of Cyprus should* take place between representatives of the two communities. Actually, from 1968 until 1976 the respective repre*sentatives were the GC presi*dent of the house, Mr Glafkos Clerides, and the TC president of the Turkish communal chamber, Mr R. Denktash. Mr Kyprianou, however, is internationally recognised as the President of all Cypriots and *not of the GCs alone, whereas* the House of Representatives is at the same time the successor of the defunct Greek communal chamber whose powers and duties it has taken over.

In the circumstances, the said parties will probably use their majority in the House to pass a law setting up a "national council" as envisaged above, which will handle the problem of Cyprus on behalf of the GC *community* with *collective* responsibility and with better prospects to solve it by a *federal system of government* which will re-unify and pacify our dividend island, before it is too late.

Chris Economides
(Director, Economides Centre for Economic and Political Research).
P.O. Box 1632,
Nicosia, Cyprus.

Striking figures

From Mr H. Adams

Sir.—Trevor Bailey (December 14) seems to have forsaken his stonewalling role. But why, I wonder, is he so dogmatic that Ian Rush is "by far the best *striker now in league football?*" Had it been qualified by a "perhaps" or "arguably" this *statement might have been* acceptable, because he is undoubtedly good; but how one judges "the best" is surely open to doubt or argument.

Supporters of most clubs will claim that their star striker is "the best," and on this score *(no pun intended) many readers* must feel aggrieved. There are, however, or should be, better standards by which these claims can be examined than mere *partisanship.*

To my mind — though I will not be dogmatic as Trevor Bailey was but will rely on certain precedents (Bobby *Charlton is the outstanding* example) to illustrate my reasoning — the effectiveness of a striker depends on three qualities. The first must be the *job of which he is paid to do*, goal-scoring ability, the second his distribution of the ball, and the third (and by far the most difficult to evaluate) the degree *of leadership and inspiration* he provides for the rest of the team, these three being respectively 50%, 35% and 15% of the whole.

On the first, Rush has scored only 10 First Division goals this season, the same as four others but behind Dixon, Lineker and Stein but a massive seven short *of West Ham's MacAvennie* (at the time of your publication on Saturday morning): space precludes the necessarily *lengthy* debate on the second and third qualities, each being less easy to demonstarte, but on the first alone Rush comes only near the top.

It is my belief that even the "best" striker is less effective unless he has the correct foil. For Wales Rush and Hughes — each a fairly regular scorer *for his own club — have never* succeeded in their partnership to the extent that might have been anticipated. Recently for Scotland I thought MacAvennie was outstanding in the home tie when partnered by Dalglesh but far less so in Melbourne; could this have been that Speedie was not the right partner for MacAvennie — or *vice versa, depending on one's* partisan view? I feel that these two are too similar in many respects to form the ideal foil for each other. Perhaps also this is what is lacking in the English national side, why it is never as successful as may *appear on paper*, but then I am not privy to Bobby Robson's selections.

Could I please prevail upon you to have Trevor Bailey substantiate this type of dogmatism or alternatively to desist from such rash hook-shots when the boundary is so densely populated.

H. J. Adams.
10 Carnation Road, E17

A glut of squid

From Mr J. Provan MEP

Sir, — *Robert Graham's* article (December 12) on the threat of over-fishing in Falklands waters provides an excellent analysis of the study car*ried out by the marine resources* assessment group at Imperial College.

While I believe that the principal benefit to the Falkland Islands from a managed fishery would be the provision of much needed employment through the development of on-shore *facili*ties for the fishing industry, the most significant point made in the report is the explanation of the direct relationship between Falklands *squid fishery* and the livelihood of those involved in Scottish Mackerel and herring fisheries. This is because Falklands squid is used to *the East Europeans as a "hard* currency" to barter for mackerel and herring.

At present the price recieved by Scottish fishermen for their *mackerel and herring* is only marginally above the EEC withdrawal price. In 1984 the UK exported some *146,000 tonnes* of fresh mackerel and 32,000 tonnes of herring. The East-European buyers know that the Scottish boats cannot divert their effort to other fishing grounds. As your article states there is evidence to suggest that the supply of squid on the world markea has increased and that the price has fallen.

Fishing activity in Falklands waters *has* built up rapidly in recent years and there is every indication that the number of vessels *preparing to enter the* fishery next year will be substantially greater than that involved in 1985. There is, therefore, a very real danger of a glut of squid on the world market with serious direct consequences for the Scottish pelagic fleet *and* for the EEC's withdrawal system, thus placing an extra burden on the EEC budget. All encouragement *must*, therefore, be given to the British Government to seek an early management agreement on the fishery through the auspices of the Food and Agricultural Organisation.

James Provan,
(Conservative spokesman on agriculture and fisheries in the European Parliament),
Wallacetown,
Bridge of Earn,
Perth,
Scotland.

Developing a council site

From Mr R. Hardcastle

Sir,—I am sorry to spoil a *good story* (Weekend FT, December 7), but the Tunbridge Wells Borough Council scrupulously followed the correct planning procedures with regard to the proposed development on its own site not far from Dr John Owen's residence, *on which his wall newspaper* fitfully appeared.

It was precisely because of the number of objections received that the council itself asked the Secretary of State to call in the application so that a public inquiry could be held.

Robert Hardcastle.
Lawn Cottage, Camden Park,
Tunbridge Wells, Kent.

Local authority clarification

From the Chairman,
Association of Metropolitan Authorities

Sir,—The report (December 14) on the dilemma facing Liverpool councillors appealing against surcharge and disqualification stated that one factor worsening *the plight of* the councillors was the "failure of attempts by the AMA to secure financial support for their legal battle from other *Labour councils.*"

The association has not in fact made any attempt to secure financial support for the councillors. What it has done is to seek to clarify for its members the legality of making such contributions.

(Councillor) J. Layden.
36 Old Queen Street, SW1.

BUILDING SOCIETY RATES

	Share	Sub'pn	Other
Abbey National	7.00	8.00	8.75/9.00/9.25/9.50 Five Star acc.—instant access/no penalty 9.30 Higher interest account 90 days' notice or charge 5.50/8.81 *Cheque-Save* 9.05/9.50 "City" Cheque-Save
Aid to Thrift	*9.20	—	— * Easy withdrawal, no penalty
Alliance and Leicester	7.00	8.00	*9.75 Premium Plus min. £500, immediate withdrawal (penalty if balance left is under £10,000) interest annually/mthly.* 9.25 Gold Plus £2,500+, 8.75 minimum £500, immediate withdrawal, interest annually/monthly 8.75 Banksave Plus balance £2,500+, 7.75 under £2,500 current account minimum initial investment £500
Anglia	7.00	8.00	9.00 Instant Gold, £250-£4,999 No notice/penalty 9.25 Instant Gold, £5,000-£9,999. *No notice/penalty* 9.50 Instant Gold, £10,000+. No notice/penalty
Barnsley	7.00	9.00	9.95 Summit account — £1,000+ — 3 months' notice *8.85 Special invest. (28 days' notice) 8.85 monthly inc. a/a*
Bradford and Bingley	7.00	8.00	9.50 No notice no penalty on up to 2 withdrawals per annum 9.75 3 months' notice without penalty
Bristol and West	7.00	8.00	*8.75 Plus account £1,000+. No notice. No penalty* 9.80 £10,000+, 9.55 £5,000+, £1,000+ 7-day notice Triple Bonus Monthly income up to 9.55 9.60 Special 3-month account, £5,000+, 3 months' notice
Britannia	7.00	8.00	9.50 60 days' notice
Cardiff	8.50	8.50	9.80 90 days' notice or penalty if balance under £10,000
Catholic	7.30	8.30	10.00 £2,000+ Jubilee Bond. Monthly income. 90 days' notice
Century (Edinburgh)	8.85	—	9.30 Guaranteed rate 2/3 years (or variable account)
Chelsea	7.00	8.00	9.85 Immediate withdrawal interest pen. or 3 months' notice
Cheltenham and Gloucester	—	8.00	9.75 Cheltenham Gold. No not./pens. £10,000+ 9.75. £5,000-£9,999 9.50. £500-£4,999 9.00 Under £500 7.00. Mly. int.
Cheshunt	7.00	8.50	9.75 £5,000-£250,000, 9.25 £1,000-£4,999 instant acc. no pen.
City of London (The)	7.25	8.75	9.60 3 months' notice—no penalty—monthly income 9.00 7 days' notice, immed. access *for amounts over £2,000*
Coventry	7.00	8.25	9.85 3-year bond £1,000+, close 90 days' notice and penalty, monthly income option, guaranteed 2.85 differential *8.55 Moneymaker £10,000+, 9.30 £5,000+, 9.00 £1,000+* instant access no penalty, monthly income option
Derbyshire	7.00	8.25	9.75 3 months' notice. Up to 9.50 no not./pen. monthly int.
Frome Selwood	7.00	10.50	10.30 *Somerset super plus £10,000 minimum. Monthly Income*
Gateway	7.00	8.00	9.55 Gold Star £10,000+. No notice. No penalties. 9.30 £5,000+, 9.00 £1,000+ monthly interest available
Greenwich	7.00	—	9.75 60-day account (no notice account 8.75-9.25)
Guardian	7.65	—	10.00 6 months' notice £1,000 min. access to bal. £10,000+
Halifax	7.00	8.00	9.50, 9.00-8.50, 8.00 Instant xtra (minimum £500) 9.50 90-day xtra. 90 days' notice/no penalty (minimum £500) 9.00 Cardcash (£2,000+), 7.00 (£1-£1,999)
Heart of England	7.00	8.25	9.60 and 9.55 High interest. 8.50 Gold Key
Hemel Hampstead	7.00	8.50	10.00 90 days, 9.00 60 days, 8.75 28 days
Hendon	8.00	—	9.00 7-day account. Minimum £500 3-month 9.75
Hinckley and Rugby	7.00	9.60	9.80 £20,000 High Rise wdl. no pen. Rate varies with balance
Lambeth	7.15	8.25	10.00 Und £10K. 10.25 ov. £10K mag. a/c 6 w. + loss of int.
Leamington Spa	7.10	—	9.25 £20,000 min. Spa in. mly. no not./pen., 8.75 £5,000 min. 9.50 High flyer—no notice/no penalty £10,000 minimum 9.25 High flyer—£5,000 minimum, 9.00 £500 minimum *10.15 Super share no not., 14 days' penalty £20,000 minimum* 9.65 Super share £5,000 minimum, 9.25 £2,000 minimum
Leeds and Holbeck	7.00	8.75	9.80 Monthly interest. 9.25 28 days', 9.80 60 days' notice. *Up to 9.50 immediate access—no penalty*
Leeds Permanent	7.00	8.00	9.50 HRAS 3 months' notice. Liquid Gold 9.00 £500+, 9.25 £5,000+, 9.50 £10,000+. No penalty/no notice
London Permanent	7.75	—	9.00 *28 days' notice or immed. wdl. no pen. if bal. £5,000+*
Midshires	7.00	—	9.25 £500+ inst. acc./no pen. £100-£499 7 days' notice 9.50 3-yr. term. 2.50 gtd. £500-£1,000 M.I. 3 mths.' not./pen.
Mornington	9.10	—	*9.10 £2K, 9.25 £2K+, 9.35 £10K+, 9.50 £20K+*
National Counties	‡7.30	8.55	9.20 90 days' notice, no penalty £10,000+. ‡ £1,000
National and Provincial	7.00	8.00	9.50 APEX 3rd iss. (+2.50 gtd. 3 yrs.) 60-day notice/penalty 9.50 *Special share 60-day notice/penalty unless £10,000+* 9.50 Money man. £5,000+. No notice, no penalty
Nationwide	7.00	—	9.00 Flexaccount cashlink £2,000+, 7.25 £25-£1,999 *9.50 Bonus Builder £10,000+, 9.25 £5,000+, 9.00 £2,000+,* 8.75 £500+, 8.00 £100+, no notice, no penalty 9.50 Capital Bonds 3 yrs., 2.5 gtd. diff. 90 days' not./pen.
Newcastle	7.00	8.25	*9.50 (plus bonus) Two-Year Term, 9.25 7 days' notice. On* demand by arrangement
Northern Rock	7.00	8.25	9.55 Moneyspinner plus £10,000 or more, instant access *9.30 Money spinner plus £5,000 or more, instant access* 9.05 Moneyspinner plus £500 or more, instant access
Norwich	7.00	8.25	8.75 7-day/monthly income option/9.00 on £10,000+
Peckham	7.65	—	*8.65/9.75 immediate withdrwl. if over £2,000. Monthly Income*
Peterborough	7.00	8.30	9.75 Premium shrs. Inst. acc, £5,000+ (8.95 under £10,000)
Portman	7.00	9.25	9.90 Gold seal. Min £1,000 1-yr. min. then 3 months' notice *9.60 Flexi-plus £10,000+. Minimum £500 9.00. No not./pen.*
Portsmouth	7.15	8.65	10.00 3-year, 9.80 90-day, 9.15 30-day, 8.70 7-day
Property Owners	7.50	9.00	8.85 Instant access minimum £500
Regency	7.00	—	9.35 Min. inv. £500. Balance over £5,000 9.55 1 month's not.
Scarborough	7.00	8.25	9.15-9.55 over 55s no notice/penalty MI minimum £2,000
Skipton	7.00	8.25	9.70 Sovereign £5,000+, 9.25 £500-£4,999 monthly income 9.25 minimum investment £2,500 instant access no pen.
Stroud	7.00	8.25	10.25 2 years, 10.00, 9.75, 9.50, instant or notice
Sussex County	7.00	8.50	9.75 90 days, 9.50 *monthly income*, 9.25 instant access
Thrift	8.00	—	9.00 3-year term. Other accounts available
Town and Country	7.00	—	9.75 2-year term £10,000+, 9.50 £500-£9,999 wdrwl. available 9.80-5.75 Moneywise cheque-Visa. Interest varies with bal. 9.75 Super 60 ½-yearly interest £500, wdl. avail., mthly. inc.
Wessex	9.10	—	— No notice—no penalties—minimum £1
Woolwich	7.00	—	9.00 Prime £500+, 9.25 £5,000+, 9.50 £10,000+, no not./pen. 9.50 Capital, 90 days' notice/penalty. Minimum £300
Yorkshire	7.00	8.00	9.80 Plat. key £10,000+ wdl. no pen. −£10,000 60 d. nt./pn. 9.50 Classic Key Monthly Income

All these per cent rates are after basic rate tax liability has been settled on behalf of the investor

Dominic Lawson on the implications of the RTZ/Lasmo deal

Better the devil you know

Rio Tinto Zinc, the UK-based international minerals group, has put itself in pole position in the race to rationalise the UK's independent oil sector.

By exchanging its 29.9 per cent stake in Enterprise Oil for a 25.2 per cent stake in Lasmo in a £93m *deal, RTZ will be in a* key position to influence the destiny of two of the UK's most ambitious oil companies.

RTZ will be given two places on a Lasmo board *in control of* 29.9 per cent of Enterprise, which itself was never prepared *to give the RTZ management* such an inside track.

"We have got ourselves into a neat position with regard to both companies," said Mr Derek Birkin, RTZ's chief executive yesterday. The only restriction to RTZ's freedom of action is *that it has been forced to agree* not to bid for Lasmo for at least two years—unless a third party offers for the company. This is a private sector echo of Enterprise's Government-given golden share, which blocks a takeover until January 1 1989.

The surprise is that it was Lasmo, and not RTZ, which initiated the talks which led to the share swap. Lasmo desperately wanted to increase its equity base to provide the backing for *the funding of a growing number* of expensive oil field developments.

It had already had one badly received rights issue this year, and another one would never *have been swallowed by a City* looking for any way to reduce its exposure to the oil sector. By acquiring the stake in Enterprise, shares of which are at a much larger discount to asset value when its own, Lasmo is increasing its capital base *without fear of earnings* or asset dilution.

The only drawback is that Lasmo has put RTZ in a very strong position to take the company *over, after the two year* incubation period. But Lasmo has been looking over its *shoulder* at a potential bidder for some time now.

It had thought BHP of Australia might be the aggressor, until the Department of Energy *warned BHP off the idea.* But following this week's £145m bid by Petrofina, Belgium's largest oil company, for Charterhouse Petroleum, it has become clear that it is now international open season for hunting the UK oil independents.

Lasmo has decided to settle with the devil it knows, with the added attraction that RTZ will now be keen to help bankroll international projects that Lasmo would not otherwise have been *able to engage in.*

Lasmo's straight talking Canadian chief executive, Mr *Chris Greentree, points out that* "We wanted to do business with a UK company active in the oil sector, with strong cash resources, and there are fewer and fewer of them around."

Mr Chris Greentree, chief executive of Lasmo

Enterprise is certainly one of that select band, and for that reason Mr Greentree is anxious to talk business—and possibly a merger—with them too, with the newly acquired "persuader" of a 29.9 per cent stake. Enterprise was not in a talking mood yesterday, but it is likely that while it would be prepared to a joint venture with a better financed Lasmo it would like to be the aggressor in its own ver*sion of rationalising the UK oil* sector.

In September it completed *stage one of that process with a* £122m bid for Saxon Oil. The second stage could well be a bid for Tricentrol, in which it already has an 11 per cent stake.

After Shell, BP and Britoil, that leaves only Ultramar of the leading UK oil explorers not *involved in the swirl of possible* bid and counter bid. Ultramar has recently said that it would liketo spend up to $500m on enlarging oil exploration and *production interests* in the North Sea and the US.

Until January 6, when the *Lasmo/RTZ deal is* consummated, there is a hiatus when bidders for Lasmo will have a chance to pounce. Doubtless the timing of the deal was chosen to make sure that the danger period was over the Christmas period, when even oil executives go on *holiday.*

If Ultramar, or anyone else, does decide to pounce before the deal goes through, RTZ might then be drawn into a full bid itself. But barring that accident, its plan appears to be to wait for the oil market to weaken further before it makes another major commitment to buy oil shares.

In the background waits British Gas Corporation, keen to burst back into the oil business, but with *its hands tied until it* is sent into the private sector next summer. It must now fear *that,* by the time *it* gets its freedom, there will not be any UK oil companies left to bid for.

Enlarged G M Firth jumps to over £1m

WITH ALL of its wholly-owned subsidiaries trading satisfactorily *pre-tax profits for the half year* to end-September 1985 have jumped from £305,000 to £1.05m *at G. M. Firth (Holdings)* Wakefield-based steel stockist and property developer. For the *year to March* 1985 profits were £950,000.

Porter Chadburn, food and drink and general engineering equipment manufacturer, became a subsidiary in April and its results have been consolidated for the first time. For this half Porter Chadburn achieved pre-tax profits of £85,000 against losses of £216,000 previously.

Turnover improved from £8.92m to £23.52m over the period, including £8.8m from *Porter Chadburn.* Mr I. H. Wasserman, the chairman, says that current trading activity *suggests the group can expect a* good result for the second half from its wholly-owned subsidiaries, which coupled with the anticipated worthwhile contribution from Porter Chadburn, now *65 per cent owned, should give* a satisfactory base for future profits.

The directors are continuing to look for expansion possibilities, the chairman adds, and says they are currently examining several potential acquisitions.

As a sign of their confidence in the company's growth the directors are stepping up the *interim dividend to 0.45p* (0.18p) per 10p share. Stated earnings are shown ahead from 0.5p to 1.94p.

Of its wholly-owned subsidiaries, the chairman mentions in particular the exceptional performance of Rowan & Boden (Interiors), which is involved in furnishing and flooring.

Considerable time has been *expended on the reorganisation* of Porter Chadburn, especially in the food and drinks division. Over 50 per cent of the company's productive space has been closed in the last six months and *activities transferred to other* group sites with little if any loss in turnover. This should give shareholders an *idea* of benefits which should now accrue, Mr Wasserman says.

Porter Chadburn shareholders are to receive an interim 0.7p dividend, *on stated* earnings of 1.63p (losses 5.51p).

After a tax charge of £416,000 (£142,000), *net profits for Firth* moved ahead to £667,000 against £163,000. Minorities this time *account for £30,000.*

There were extraordinary debits of £404,000 mainly due to works closure and relocation costs of a Porter Chadburn subsidiary and costs of Porter Chadburn acquiring Offshore Drilling Supplies.

● *comment*

G. M. Firth's profits have steamed ahead over the past four years and there is no sign of an early end to the trend. The group continues to wring improved *performances from its existing* activities while hungrily seeking further acquisitions: some £6.5m has been spent on takeovers since 1981. In the second half Porter Chadburn, with the work on its rationalisation largely complete, is poised to make a strong profits contribution, and this combined with further growth from existing activities suggests group profits of about £2.5m. On a tax charge of 30 per cent the shares, down 2p at 67p, are on a prospective p/e ratio of 14, a rating which would look pretty steep if it were not for the longer-term prospects. Another four acquisitions are already under negotiation and with the *£4.5m they might cost* covered by cashflow, property sales and the realisation of *investments* rather than the issue of paper, there is little likelihood of any dilution of further earnings growth.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS		Fri Dec 20 1985						Thurs Dec 19	Wed Dec 18	Tues Dec 17	Year ago (approx.)	Highs and Lows Index							
	Figures in parentheses show number of stocks per section	Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Index No.	Index No.	Index No.	Index No.	1985 High		1985 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (207)	565.20	−0.4	10.19	4.07	12.29	15.23	567.40	561.85	557.47	548.72	587.25	25/11	483.30	25/7	587.25	25/11/85	50.71	13/12/74
2	Building Materials (23)	621.68	+0.3	10.72	4.37	11.64	17.26	620.12	611.40	612.49	504.80	651.74	26/11	472.11	26/2	651.74	26/11/85	44.27	11/12/74
3	Contracting, Construction (27)	912.83	+0.2	10.53	4.75	12.23	28.48	911.33	904.57	902.61	730.09	963.49	30/10	684.17	8/3	963.49	30/10/85	71.48	2/12/74
4	Electricals (13)	1503.13	−0.9	9.72	5.05	13.41	52.34	1516.33	1506.92	1500.05	1509.57	1701.64	22/1	1289.36	10/7	1909.93	3/6/83	84.71	25/6/62
5	Electronics (39)	1396.24	−1.4	10.67	3.26	12.29	32.01	1415.92	1406.85	1394.24	1919.69	1977.60	9/1	1229.81	8/10	2049.85	13/11/84	1229.81	8/10/85
6	Mechanical Engineering (61)	320.33	−0.1	10.81	4.58	11.24	9.57	320.76	318.66	317.00	273.63	336.97	25/11	263.85	25/7	336.97	25/11/85	45.43	5/1/75
8	Metals and Metal Forming (7)	238.39	−1.2	9.24	6.85	13.21	7.98	241.31	236.69	235.76	165.78	249.75	27/11	165.08	14/1	249.75	27/11/85	49.65	6/1/75
9	Motors (17)	202.89	−0.4	11.82	4.37	10.21	5.91	203.67	201.44	199.68	136.72	208.01	22/11	142.57	3/1	208.01	22/11/85	19.91	6/1/75
10	Other Industrial Materials (20)	1007.37	+0.3	7.71	3.60	15.54	24.34	1004.57	990.11	969.47	820.75	1059.62	22/11	828.60	3/1	1059.62	22/11/85	277.55	15/1/81
21	CONSUMER GROUP (177)	757.47	−0.2	8.69	3.64	14.42	18.21	758.67	752.22	744.98	605.05	790.71	29/11	604.96	3/1	790.71	29/11/85	61.41	13/12/74
22	Brewers and Distillers (23)	774.93	+0.8	9.73	3.98	13.18	17.44	768.72	757.06	748.22	552.61	816.65	25/11	550.86	3/1	816.65	25/11/85	69.47	13/12/74
25	Food Manufacturing (22)	564.96	+0.6	10.65	4.47	12.07	17.32	561.49	558.52	555.21	466.07	590.26	29/11	471.62	25/7	590.26	29/11/85	59.67	11/12/74
26	Food Retailing (14)	1727.96	−0.2	6.35	2.61	21.20	28.06	1731.45	1719.48	1711.79	1400.68	1852.45	29/11	1400.36	1/3	1852.45	29/11/85	54.25	11/12/74
27	Health and Household Products (9)	1208.77	+0.4	6.34	2.71	18.53	23.08	1203.89	1190.63	1173.71	1012.23	1226.69	10/12	980.65	11/4	1226.69	10/12/85	175.38	28/5/80
29	Leisure (24)	749.81	−0.2	7.46	4.49	17.08	23.67	751.48	751.54	745.95	665.00	778.92	25/11	590.69	12/7	778.92	25/11/85	54.83	9/1/75
32	Newspapers, Publishing (11)	1828.21	+0.3	7.40	5.34	17.09	58.90	1822.66	1831.28	1833.27	1448.96	1924.08	1/11	1445.15	3/1	1924.08	1/11/85	55.08	6/1/75
33	Packaging and Paper (13)	362.11	−0.2	9.62	4.27	12.46	18.19	362.72	362.71	362.33	288.27	380.46	28/11	286.36	3/1	380.46	28/11/85	43.46	6/1/75
34	Stores (42)	752.57	−1.2	7.08	2.89	19.07	15.09	761.92	756.41	748.38	535.83	834.96	25/11	529.47	19/2	834.96	25/11/85	52.63	6/1/75
35	Textiles (16)	379.68	+0.3	11.70	4.52	9.69	11.43	378.45	377.20	373.69	294.29	397.45	29/11	293.07	3/1	397.45	29/11/85	62.66	11/12/74
36	Tobaccos (3)	881.65	−1.2	14.95	5.09	7.63	30.77	892.58	878.07	865.17	895.94	1010.69	8/2	714.72	26/9	1010.69	8/2/85	94.34	13/6/62
41	OTHER GROUPS (98)	700.98	−0.7	9.79	4.14	13.36	16.56	706.07	701.77	698.11	597.39	742.63	25/11	605.99	3/1	742.63	25/11/85	58.63	6/1/75
42	Chemicals (18)	724.53	−0.9	13.84	5.35	9.56	26.69	731.17	726.19	722.31	724.35	832.26	22/2	645.96	26/9	832.26	22/2/85	71.20	1/12/74
44	Office Equipment (4)	207.89	−1.5	7.66	4.21	15.57	6.20	211.02	210.99	209.82	147.79	230.66	6/11	154.76	3/1	246.06	1/9/72	45.34	2/1/75
45	Shipping and Transport (10)	1310.25	−0.9	7.57	4.19	16.14	40.16	1322.40	1318.40	1314.08	951.52	1382.17	29/11	958.08	3/1	1382.17	29/11/85	90.80	29/6/62
46	Miscellaneous (64)	866.49	−0.4	8.26	3.85	14.86	19.69	869.54	860.29	854.60	783.12	917.43	22/11	787.88	26/7	917.43	22/11/85	60.39	6/7/75
48	Telephone Networks (2)	874.01	−0.8	9.43	3.75	14.54	14.38	881.18	877.95	874.01	682.20	942.07	21/11	701.92	3/1	942.07	21/11/85	517.92	30/11/84
49	INDUSTRIAL GROUP (482)	700.00	−0.4	9.33	3.87	13.58	17.25	702.51	696.75	691.15	598.26	731.27	25/11	599.75	3/1	731.27	25/11/85	59.01	13/12/74
51	Oils (18)	1115.12	+0.4	18.61	7.84	6.38	60.72	1110.47	1103.44	1088.11	1027.73	1239.75	15/2	1042.21	3/1	1239.75	15/2/85	87.23	29/5/62
59	500 SHARE INDEX (500)	735.67	−0.3	10.43	4.34	11.98	20.74	737.64	731.76	725.37	634.44	771.36	25/11	636.98	3/1	771.36	25/11/85	63.49	13/12/74
61	FINANCIAL GROUP (116)	510.79	−0.4	—	4.78	—	16.96	512.87	509.71	507.79	429.49	536.82	21/11	430.10	4/1	536.82	21/11/85	55.88	13/12/74
62	Banks (6)	518.78	−0.4	17.69	5.74	8.08	21.12	520.75	514.83	505.78	427.20	554.06	25/11	420.58	15/4	554.06	25/11/85	62.44	12/12/74
65	Insurance (Life) (9)	779.70	+0.1	—	4.36	—	23.40	778.62	770.74	775.28	578.57	832.57	29/11	580.95	4/1	832.57	29/11/85	44.88	2/1/75
66	Insurance (Composite) (7)	398.48	−0.2	—	4.94	—	13.79	399.37	394.42	394.55	308.65	418.00	21/11	303.16	25/2	418.00	21/11/85	43.96	13/12/74
67	Insurance (Brokers) (8)	1158.01	−0.1	7.36	3.76	18.15	30.86	1158.79	1148.44	1155.01	1023.66	1248.70	15/3	1009.26	25/7	1248.70	15/3/85	65.86	16/12/74
68	Merchant Banks (11)	280.70	—	—	3.71	—	6.83	280.83	281.36	282.69	217.66	290.23	18/11	220.65	3/1	290.23	18/11/85	31.21	7/1/75
69	Property (51)	663.73	−0.5	5.99	3.73	22.28	17.40	666.84	669.25	666.57	639.55	699.58	13/11	585.78	10/7	699.58	13/11/85	56.01	20/4/65
70	Other Financial (24)	294.26	−2.0	10.19	5.92	12.10	11.59	300.30	301.52	301.54	257.82	312.36	11/11	261.32	26/7	312.36	11/11/85	33.29	17/12/74
71	Investment Trusts (105)	642.92	—	—	3.41	—	15.06	642.57	639.64	637.34	566.24	643.86	25/11	557.78	31/7	643.86	25/11/85	71.12	13/12/74
81	Mining Finance (3)	247.39	+1.3	13.52	6.28	8.60	10.48	244.27	244.33	240.53	270.56	311.08	15/4	240.28	5/8	337.57	10/4/84	66.31	30/9/74
91	Overseas Traders (14)	589.70	+0.5	13.46	6.95	8.81	29.15	586.91	582.67	582.29	613.44	687.15	22/1	562.27	15/10	687.15	22/1/85	97.37	6/1/75
99	ALL-SHARE INDEX (738)	670.98	−0.2	—	4.41	—	19.50	672.66	667.66	662.51	579.88	702.06	25/11	581.88	3/1	702.06	25/11/85	61.92	13/12/74

	Index No.	Day's Change	Day's High	Day's Low	Dec 19	Dec 18	Dec 17	Dec 16	Dec 13	Year ago	1985 High		1985 Low		Since Compilation High		Since Compilation Low	
FT-SE 100 SHARE INDEX	1386.5	−4.2	1389.3	1381.6	1390.7	1378.8	1365.4	1376.5	1381.4	1204.7	1455.5	25/11	1206.1	3/1	1455.5	25/11/85	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Dec 20	Day's change %	Thurs Dec 19	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	118.38	+0.10	118.32	0.06	11.22
2	5-15 years	130.06	+0.05	129.99	—	14.58
3	Over 15 years	136.07	−0.04	136.29	0.17	13.36
4	Irredeemables	150.31	—	150.31	—	13.57
5	All stocks	128.67	+0.05	128.65	0.05	13.33
6	Debentures & Loans	110.72	+0.02	110.70	—	12.05
7	Preference	81.72	—	81.72	—	6.62
	BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8	All stocks	108.49	−0.13	108.82	0.19	3.11

	AVERAGE GROSS REDEMPTION YIELDS		Fri Dec 20	Thurs Dec 19	Year ago (approx.)	1985 Highs		1985 Lows	
	British Government								
1	Low Coupons	5 years	10.18	10.19	10.60	11.56	28/1	9.75	18/10
2		15 years	10.34	10.33	10.41	11.20	28/1	9.98	18/10
3		25 years	10.34	10.34	9.99	10.72	29/1	20.08	18/10
4	Medium Coupons	5 years	11.21	11.21	11.21	12.39	28/1	10.58	4/10
5		15 years	10.70	10.69	10.83	11.63	28/1	10.30	18/10
6		25 years	10.30	10.30	10.23	10.97	29/1	9.96	18/10
7	High Coupons	5 years	11.28	11.30	11.28	12.53	28/1	10.65	4/10
8		15 years	10.87	10.84	10.99	11.76	28/1	10.43	18/10
9		25 years	10.53	10.47	10.33	11.03	29/1	10.09	29/7
10	Irredeemables†		9.81	9.88	9.84	10.49	28/1	9.58	18/10
11	Debs & Loans	5 years	11.59	11.58	11.72	12.63	29/1	11.06	10/10
12		15 years	11.40	11.41	11.66	12.37	29/1	11.04	21/10
13		25 years	11.40	11.40	11.68	12.37	29/1	10.99	21/10
14	Preference†		11.92	11.92	12.68	13.14	29/1	11.73	25/10
15	Inflation rate	5%	3.80	3.78	3.32	3.80	20/12	3.11	11/3
16		10%	3.60	3.58	3.13	3.60	11/12	2.94	11/3

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Health/Household Products	30/12/77	261.77	Mining Finance	29/12/67	100.00
Other Groups	31/12/74	63.75	All Other	10/04/62	100.00
Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Mechanical Engineering	31/12/71	153.84	Do. Index-linked	30/04/82	100.00
Office Equipment	16/01/70	162.74	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72
Other Financial	31/12/70	128.06	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

Mercantile offshoot buy-out agreed

MERCANTILE HOUSE, the international financial services group, yesterday announced the terms for the management *buy-out of the securities* operations of OPPENHEIMER, the US investment group. An investor group formed by the management of Oppenheimer is paying $150m to Mercantile for 82 per cent of the business.

Mercantile will be retaining the remainder of the equity *and 10 per cent of the* Oppenheimer fund management company.

Under the deal, first announced last week, Mercantile *will receiver $100m in cash* and a total of $50b nominal amount of junior subordinated debenture and redeemable preferred stock to be issued *by the company being formed* to make the acquisition.

The sterling value of the *total consideration receivable* by Mercantile House at current rates of exchange is about £106m. The sale will be conditional on the approval *of Mercantile House share*holders and regulatory approvals in the US and the UK.

BET *bid referred*

BET, the construction, laundries and publishing group, which yesterday saw its £120m takeover bid for SGB, the *scaffolding group referred to* the Monopolies and Mergers Commission, said it would press its case vigorously.

Mr Nicholas Wills, BET's chief executive, said: "Referral only indicates a pause while our proposal is considered further. The scaffolding industry is highly fragmented. There are so many legitimate competitors for every job that the construction industry will lose nothing from our proposed merger."

SGB's shares fell 8p to 248p *yesterday while BET rose 7p*

● Mr Leon Brittan, Trade Secretary announced he would not be referring the £115m takeover bid from C. H. Beazer, the house-building group for French Kier, in accordance with the OFT's *recommendations.*

Ansbacher

Groupe Bruxelles Lambert and Pargesa, the two majority shareholders in the Henry Ansbacher group each sold 3.5m shares, *reducing their* joint beneficial interest to 56.9 per cent.

The reduction was envisaged in the agreement at the beginning of this year whereby the joint companies would subscribe to a new capital *injection in the then troubled* Ansbacher banking group. This brought their holding up to 75 per cent, but the companies intended to reduce it to just *over 50 per cent.*

The purchasers of the two blocks of shares are Rolaco *Holding,* a Luxembourg company, and Hadhan Real Estate of Jeddah. As previously announced, Kuwaiti investors have acquired 11 *per cent of Ansbacher.*

First Castle *says* Morgan offer mean

First Castle Electronics, fighting a £37m takeover bid from Morgan Crucible, the specialist materials and component maker, yesterday *attacked the offer as "mean"* and claimed it had a unique position in the electro-optics and weapons simulation market.

Morgan *is offering five of* its shares for seven Castle. On the basis of last night's closing price for Morgan, up 1p at 208p, the offer matches First Castle's price of 148p, down 2p on the day. There is a cash alternative of 131p per share.

Exco agrees deal with shareholder over board seats

BY CHARLES BATCHELOR

Exco International, money broking and financial services group, yesterday gave way to demands from Tan Sri Khoo Teck Puat, its new Malaysian shareholder, for three seats on the company's board.

In return, Tan Sri *Khoo, who* owns *25.5* per cent of Exco's shares, has agreed not to increase his holding to more than 29.9 per cent or sell any of his shares, without Exco's consent, for at least one year after he and his nominees have voluntarily left the board.

This agreement clears the way for the extraordinary general meeting Exco has called, for Monday to approve the disentanglement of its joint interests with its former shareholder, British & Commonwealth Shipping.

Tan Sri Khoo, who has been represented in the negotiations by Schroders merchant bank, plans to abstain from voting on the proposals at Monday's meeting, though he does not like the proposed deal.

Tan Sri Khoo has obtained his original demand for three board seats including the deputy chairmanship for himself and a position on Exco's executive committee *for his representative* Mr Alan Ng, who is deputy chairman of the Overseas Chinese Banking Corporation.

Exco had offered two seats *but had refused* the deputy chairmanship and the executive committee positions.

Tan Sri Khoo would be released from his agreement not to buy *more than 29.9 per cent* of Exco: if someone else bid for Exco; if someone bought 10 per cent or more of its shares; or if there were a disagreement over any major deal which required the issue of a Class I or Class 4 circular by Exco.

Mr Bill Matthews, Exco's managing director, said: "This *is by no means a one-sided* arrangement. We have offered three board seats in return for a *stand-still agreement. But it is* right that Tan Sri Khoo should be able to take effective action, like any other shareholder, if another bidder emerged or we disagreed on policy."

Exco's shares fell 27p to 203p yesterday.

Williams Hldgs agreed bid for Spencer Clark

BY MARTIN DICKSON

Williams Holdings, the rapidly expanding engineering and foundry group, yesterday announced an agreed £7.3m takeover bid for Spencer Clark Metal Industries, a manufacturer *of construction and special steel* products.

The deal comes just a month after Williams acquired Burmah Oil's Rawlplug businesses for £11.5m.

Williams is offering 140p in cash for each Spencer Clark ordinary share—a premium of 77 per cent on the company's closing price on November 28, the day before it announced that it had received a potential *bid approach.* Spencer Clark shares closed last night at 138p up 5p. Williams closed at 371p down 6p. *Accepting share*holders will be able to retain a 2½p second interim dividend.

Williams is offering a share alternative for all or part of the cash.

Spencer Clark, which is based in Sheffield and Rotherham, had pre-tax profits of £920,000 (£245,000) in the year to September 30 on turnover of £13.83m (£9.72m). It had estimated net tangible assets at the year-end of £2.91m.

Williams said Spencer Clark had three main areas of activity —in all of which Williams had both experience and expansion plans.

These were: the manufacture and sale of construction-related products, where Spencer Clark's *lintels* and wall-ties *would* be complementary to Rawlplug's products; metal processing, an area in which Williams had great experience; and stockholding of specialised metals, where Spencer Clark's operations would enlarge Williams' business and give it a platform for expansion in the US.

Maxwell defends Britannia

MR ROBERT MAXWELL, the publisher of Mirror Group newspapers, and MIM, the fund management company run by Mr David Stevens, last night rejected as inadequate the terms of the £284m takeover bid by Guinness Peat *for Britannia Arrow,* the financial services group.

Mr Maxwell increased his Britannia stake further yesterday, to 8.35 per cent. And MIM, which *was* formerly *owned* by Samuel Montagu and is now a subsidiary of Aetna Life and *Casualty, the US insurance* group, acquired 5.1m shares yesterday, bringing its stake to just over 5 per cent.

MIM and Mr Maxwell said they were acting in concert with the board of Britannia and funds under management by Britannia and Lazards, its advisers, totalling just over 4 per cent. The party now had a total of 26.8m shares, equivalent to 17.43 per cent of the group.

They said that the Guinness Peat offer should be rejected by shareholders, as recommended by Britannia's broad.

Mr Alastair Morton, the chief executive of Guinness Peat, last *night questioned Britannia's* continuing rejection of the offer, which was increased on Monday.

He said he had received letters from both Britannia's management and Lazards this week suggesting that they might be able to recommend the bid to shareholders if he increased it further. He said he was unable to do this because Guinness Peat had stated this was its final offer. It could only be increased in the event of a rival bid.

The offer closes on January 3.

Oceonics sheds Comap

Oceonics, the marine and defence electronics group which last month sold off most of its defence business, yesterday announced plans to dispose of Comap, its loss-making offshore survey company, to its management.

Oceonics announced a pre-tax loss of £3.27m in the six months ended September 1985 compared with a profit of £2.78m previously.

Comap made an operating loss of £2.03m resulting from a sharp *decline in the exploration spend*ing of oil companies active in North America.

Earlier this year Oceonics renegotiated the contract by which it had acquired Comap in March 1984 because the deferred payment, which was based on profit performance, threatened to rise to £20m in 1987. Under the revised deal Oceonics was to pay no more than £10.2m. Comap contributed more than one-third of Oceonics' profits in the year ended March 1985.

Mr Richard Lesile, Oceonics' finance director is to resign in *January.*

Burton directors share £2.4m pay

THE 10 directors of Bu
Group, the high street fas
retailer, shared total pay
£2.37m in the year to
August, the company's an
report reveals. *This figure*
pares with £1.68m sh
between 11 directors in
previous year.

Most of the money came f
performance-related incen
payments which are fixed by
board's remuneration comm
on the advice of independ
professional advisers. These
ments rose *from* a total
£877,000 in 1984 to £1.44m
earnings per share rose f
21.1p to 29.1p.

Some 23 per cent of the di
tors' pay went to Mr Ra
Halpern, chairman of the gr
for the last four years,
received *a total of* £542,000
emoluments and performa
related payments against £348
last year.

Of the other nine direct
the three highest paid recei
between £325,000 and £400,000

The report shows that of
group's 14,739 employees, s
110 were paid over £30,000
three of these were paid o
£150,000. Mr Halpern says in
statement that the group belie
in motivating employees to h
levels of performance and t
during the year a total of £8
was paid to employees who
or exceeded their objectives.

Bradstock

Bradstock Group, wh
joined the market in July,
comfortably beaten its pr
pectus forecast of at least £2.
with a pre-tax profit of £3.0
for the year to end-Septemb
1985.

The result, which compa
with £1.75m, was achieved
turnover up from *£5.73m*
£7.05m in the company's sil
jubilee year. Bradstock
engaged in both direct insura
broking and reinsura
broking.

A higher than forecast
augural 3.75p final dividend
being paid, which is cove
nearly four-fold by earnings p
share of 14.5p.

Attributable profits were
duced to £1.26m, against £1.02
by an extraordinary debit
£428,000 (credit £101,000).

Bradstock, chaired by
D. F. Bradstock, says that dire
broking continued to expand a
benefited from rising mark
rates and new business.
insurance activities advanc
very well despite capac
problems.

The chairman is confident
further expansion during 19
and both the direct insuran
and reinsurances sides a
estimating increased turnover.

Zygal

Zygal Dynamics, the US
quoted service of compute
related equipment, has incurre
higher interim losses and say
that prospects for the full yea
are *uncertain.*

Losses for the six months
end-September 1985 wer
£211,000 pre-tax, against £182,000
on turnover down from £2.72m
to £2.1m. The market for pe
sonal business computer
remains difficult although Zyga
expects sales to improve durin
the traditional peak sellin
period to March 31.

Most of the interim los
stemmed from the busines
systems group. Printer an
terminal operations, howeve
improved margins and turnove
after a poor first quarter.

Zygal says that its balanc
sheet remains strong and that
continues to operate within it
banking facilities. Interest pa
able and similar charge
amounted to *£41,000* (£52,000).

Superdrug

Superdrug Stores is accelera
ing its drive into the Scottis
market. In the last month thre
of its 11 new openings have bee
above the border.

Earlier this week the compan
reported a 20.5 per cent increas
in third-quarter profits to £3.01
pre-tax. In yesterday's edition th
increase was wrongly reported
16.5 per cent.

Rescue plan launched to save B & H

Burnett & Hallamshire, which yesterday announced a proposed financial reconstruction to save the group from receivership, also unveiled a pre-tax loss for the financial year to March 31 of £125.66m—including £115.9m costs of rationalisation and write-offs.

The costs and write-offs eliminated shareholders' funds and resulted in a deficit of net assets of about £4.2m.

Overall borrowing liabilities at March 31 amounted to £195m, of which £154m is included in the group's accounts. The remaining £41m was held by related companies which were not technically subsidiaries.

The company said its continuing activities and present capital base could not support this level of indebtness, quite apart from additional cash requirements to complete its rationalisation programme.

The rescue arrangements are designed to reduce the group's borrowings by raising £62m of *new share capital.*

They involve the elimination of £62m of bank borrowings, after expenses, by the conversion of £63m of debt into new shares through:

● An issue of new ordinary shares of 20p each, through an *open offer to shareholders,* at a subscription price of 25p a share to raise £30m. Any shares not taken up by shareholders will be taken up by certain of the banks by way of a conversion of debt.

● The subscription by bank of approximately £25m for convertible preference shares by way of conversion of debt.

● The subscription by Midland Bank of about £8m for convertible B ordinary shares by conversion of debt.

● A reduction of capital, involving the elimination of the share premium account and the cancellation of paid-up capital by the reduction from 25p to 20p of the nominal value of issued ordinary shares.

If existing shareholders do not take up any of the new ordinary shares they will hold about 24 per cent of the enlarged ordinary share capital. This could further be rdeuced to 13 per cent in 1997 if the convertible shares are converted.

The *proposals* also include agreement by the banks to make available revised banking and bonding facilities of about £44m. This includes a "realisation facility" of £20m which must be repaid over the next two years, and the directors say this can only be achieved *by the sale of* further assets.

This is in addition to the rationalisation programe allowed for in the accounts to March 31, which includes:

Mining—The restructuring of Burnet's interest in the PBS coal mining group in the US; the disposal of its interest in Ghent for a nominal sum, and a reduction from 80 to 9 per cent of its interest in the Chilean Coca company.

Oil—The disposal of UK Petro leum Products to Powell Duffry last April.

Property and Construction— The disposal of all but *one* the group's Californian prope ties before development has bee *completed,* and the realisation its UK property portfolio.

The aim of the rationalisatio is to reduce the group's activ ties to its mining and relate businesses. The company interim figures show that in th six months to September 30 co tinuing *activities made £3.8* before interest and tax, b interest charges on all i borrowings turned this toa pr tax loss of £3.7m.

The document stresses th the group's working capital pos tion, and hence its viability, affected by a *number of impor* ant factors, including an in provement in US mining oper tions and completion of the PB agreement with no significa tax or warrancy liabilities.

Even if the proposals becom effective there will be a defic *of about £12m* on the company distributable reserves, and thi will preclude the payment of an dividends until the deficit made good.

The directors *say it is* u likely any dividend will be pai on the ordinary share capital f some years and even aft implementation of the plan, bo rowings will still be very hig relative to shareholders' funds.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Berisfords Group ...int.	1.55	Mar 3	1.55	—	5.28
Bradstock	3.75	Apr 7	—	—	—
Brunner Inv.	1.2	Apr 1	1.1	—	2.2
Cardiff Property	1.2	Mar 3	1.15	1.8'	1.75
Electric & Gen. ...int.	1.85	Feb 7	1.55	—	3.6
G. M. Firth ...int.	0.45	Apr 7	0.18	—	0.4
Forminster ...int.	2.03	Feb 17	2.03	—	6.03
Kelsey Industries	5.5	—	5.5	8	8
Porter Chadburn ...int.	0.7	Apr 7	—	—	1.05
Rexmore ...int.	0.4	Feb 7	0.68	—	1

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

Alcatel in FFr 1bn bond move

By David Marsh in Paris

CIT ALCATEL, the French state controlled telecommunications group, will seek authorisation next month to issue up to FFr 1bn ($129m) in convertible bonds to strengthen its capital resources.

The company is quoted on the Paris bourse, although 68 per cent of its shares are owned by the nationalised Compagnie Generale d'Electricite group. CIT Alcatel will seek authorisation from shareholders at an extraordinary general meeting to issue the bonds up to the end of December 1986.

The bonds would be issued either on the domestic capital markets or through a foreign currency borrowing abroad. Conversion of the bonds, when issued, would lead to a dilution of the CGE group's holding in the company.

But a spokesman said yesterday it was impossible to determine to what percentage CGE's share could fall until details of the issue were set. The proposed move is the latest in a series of steps by CGE to strengthen the capital backing of its subsidiaries during the past few years.

Texaco seeks out-of-court deal

BY PAUL TAYLOR IN NEW YORK

TEXACO, the big US oil group, and Pennzoil, a Houston-based oil company, are seriously attempting to negotiate an out-of-court settlement in the wake of the $11bn damages award won by Pennzoil against Texaco last month.

The effort to reach a negotiated settlement emerged yesterday when a Federal court judge adjourned hearings into Texaco's request for a preliminary injunction against a requirement that it post $11bn bond before appealing against Pennzoil's Texas court damages award.

A Texas judge and jury made the damages award last month after determining that Texaco had improperly interferred with Pennzoil's plans to acquire control of Getty Oil early last year. Getty Oil was subsequently acquired by Texaco.

Texaco, which has been fighting hard to have the award overturned, won its first real court victory in its legal battle earlier this week. It obtained a temporary restraining order in New York preventing Pennzoil from "taking any action of any kind whatsoever to enforce or attempt to enforce" the Texas court's award.

Yesterday during a pretrial hearing between a Federal court judge and lawyers representing both companies, the two oil groups agreed that they were serious about pursuing settlement negotiations. Pennzoil had sought a negotiated settlement even ahead of the Texas verdict.

The judge adjourned the injunction hearings after saying that he felt it might be an "impediment" to the negotiations if the court held hearings and ruled on Texaco's injunction request. He said another hearing could be set at the request of either Texaco or Pennzoil if there was little progress in the out-of-court negotiations, but added "I hope a new hearing will not be necessary."

The temporary restraining order preventing Pennzoil from attaching Texaco's assets will remain in effect. Both companies said they would not comment during the negotiations. Lawyers have increasingly seen a negotiated settlement as the most likely outcome of the court battle.

Lawyers for Pennzoil and Texaco would not comment on their conversations with the judge.

A spokesman at Pennzoil's headquarters in Houston had no immediate comment on the court's ruling.

Separately Texaco was believed to be continuing to negotiate on the terms of a $1.7bn bank loan agreement to enable it to meet its short-term obligations.

Japan Line plans 40% job cuts

By Our Financial Staff

SHARES IN Japan Line, the lossmaking shipping group, plunged on the Tokyo Stock Exchange yesterday after the company announced plans to shed 40 per cent of its workforce.

At Y72 the shares were down Y27 on the day, and led the list of active stocks with 21.6m changing hands. The 930 redundancies for which Japan Line is to seek agreement with its unions are intended to save some Y16bn ($78.7m) a year.

The move represents a revision of a four-year reconstruction plan, started in March 1984. The company said it had become necessary in order to avoid accumulating liabilities in excess of assets. At September 30, liabilities were just Y14.9bn short of assets given as Y147.9bn. It is forecasting a halving of pre-tax losses to some Y7bn this year.

Unprofitable ships will be sold off and uneconomical charters cancelled, the company said.

The statement from Japan Line came as a court-appointed "custodian" for Sanko Steamship reached the final stages of his attempts to secure a restructuring of the rival tanker operator. It remains unclear, however, whether the banks and trading houses involved would agree to a refinancing package for Sanko.

Fujitsu profits fall sharply

FUJITSU, the Japanese computer maker, yesterday reported increased consolidated sales but sharply decreased profits in the first half to September, due to sluggish sales of microchips and other electronic devices, Agencies report from Tokyo.

Sales increased 14.7 per cent to Y809.85bn ($4bn) but pretax profits dropped 52.3 per cent to Y35.27bn and net earnings were 28.8 per cent lower at Y26.85bn.

On a per-share basis, net profits declined from Y29.14 to Y18.72.

The company said sales of information processing equipment increased 24.4 per cent to Y526.93bn while those of microchips and other electronics devices dropped 23.6 per cent to Y115.38bn.

For the full year, group net profits are estimated at Y49bn, down 45 per cent, on sales which are projected to show a 9.5 per cent gain to Y1,710bn.

"The poor performance of the electronic device sector, which mostly includes semiconductors, is totally to blame," the company said.

APPOINTMENTS

Chief executive at Tozer Kemsley

Mr Reg Heath has been appointed chief executive of TOZER KEMSLEY & MILLBOURN (HOLDINGS). He joined the board last year and is currently responsible for the automotive and international trading division. Mr Heath has been with the group since 1958.

★

Mr Jorge Dias has been appointed vice chairman of ATKINSON BALDWIN AND COMPANY and Mr John McLusky has been appointed managing director. Mr Dias has been a director since 1979. Mr McLusky joined as a director in October from the Wine Society where he was wine manager.

★

AUTOMOTIVE PRODUCTS has made the following appointments from January 1. Mr Peter Crawford joins the main board as director, UK automotive operations, and Mr Tony Inchley joins the main board as director, international operations. The following become general managers: Mr Peter Paul (brakes division); Mr Peter White (clutch division); and Mr Mark Wingrove (steering and suspension division and AP Racing). Mr Paul relinquishes his post as general manager of the Auto Safety Centres retail chain, and is succeeded by Mr Mike Moyle, who also retains responsibility for the Autela wholesale chain.

★

CLYDESDALE BANK has appointed Sir Donald Barron and Lord Sanderson as directors from January 1. Sir Donald, who will retire from the chairmanship of Midland Bank in April 1987, is chairman of the Committee of London and Scottish Bankers and was, for 15 years, chairman of Rowntree Mackintosh. He is on the board of The Canada Life Assurance Company, Toronto, and is chairman of Canada Life Unit Trust Managers. He is a director of Investors in Industry. Lord Sanderson of Bowden is a partner in the family business of Charles P. Sanderson, wool and yarn merchants in Melrose. He is chairman of Shires Investment Trust and of Edinburgh Financial Trust and is a director of Illingworth Morris and of Johnston of Elgin. Mr Stuart T. Graham, a director of Clydesdale Bank for 11 years, has retired.

★

UNITED INTERNATIONAL PICTURES has appointed Mr Ted McLean as senior vice president of finance and administration from January 1. He was senior vice president of finance for CIC Corporation.

★

Mr Reg Bailey and Mr Barry Jacques have been appointed to the board of THE PRESTIGE GROUP. Mr Bailey becomes managing director of the group's UK operations, having joined Prestige in April, as commercial director from Carnation where he was managing director, petfoods division. Mr Jacques joined the company in April 1969 and took charge of Prestige operations in the EEC in March 1983. He is managing director, European operations. Prestige is a Gallaher company.

★

The new board of IMPERIAL LEISURE & RETAILING is as follows:— Mr J. M. Pickard, chairman; Mr B. F. Baldock, managing director; Mr C. D. Brims, property development director; Mr J. J. L. Courlvaud, managing director, Anchor Hotels; Mr A. E. Jones, managing director, Happy Eater; Mr D. W. Jones, managing director, "Taverns" Imperial Inns & Taverns; Mr C. E. Montagnon, managing director, Imperial Retail Shops; Mr M. W. Pemberton, personnel director; Mr S. M. Poster, managing director, Welcome Break; Mr B. J. Ryan, administration director; Mr G. M. Wallace, finance director, and Mr P. Webber, managing director, "Inns" Imperial Inns & Taverns.

★

Mr Byron C. Crittenden has been appointed chief executive of LOMBARD NORTH CENTRAL, finance house subsidiary of National Westminster Bank. He succeeds Mr Ron Barnes, who retires from executive duties on December 31 after 48 years with the company, the last eight as chief executive. Mr Barnes becomes deputy chairman from January 1. Mr Crittenden was previously managing director of National Westminster Insurance Services.

★

Mr John Watkins has been appointed managing director of Turbo International, and C.V. Units, sister companies in Lincoln-based J. L. HOLDINGS GROUP. He joins the group from Houburn Eaton where he was sales and marketing director. He replaces Mr Gary Cheshire who has been appointed managing director of the parent group, J.L. Holdings.

★

Mr Noel T. Barnes, controller operations of YORKSHIRE BANK, is retiring at the end of the year after 44 years' service. The bank's new controller operations will be Mr Andrew J. Stapleton, who became an assistant controller in 1978.

★

BROWN SHIPLEY INVESTMENT MANAGERS has appointed Mr Lawrence Karat as offshore marketing manager from January 1.

★

Mr J. A. Lesser, chief executive of Czarnikow Schroder, and Mr N. E. H. Mason, chief executive of Czarnikow TransMarket, have been appointed to the board of C. CZARNIKOW.

★

Mr Edwin Brindley has joined BRITISH CERAMIC SERVICE CO as financial director and also joins the board of Devco. He was previously financial director and company-secretary of Simon-Hartley.

★

Mr Tony Richard, managing director of Erebus, a member of the Newman-Tonks group, has been appointed to the additional post of managing director, Newman-Tonks Security.

Gold producer lifts payment

By Kenneth Marston

RANDFONTEIN Estates, the South African gold producer in the Johannesburg Consolidated group is to pay a 700 cents (183p, 260 US cents) interim dividend for the year to June 30. For the previous 18-month period interims of 450 cents and 600 cents were followed by a final of 800 cents.

BHP boosts first-half dividend

BY MICHAEL THOMPSON-NOEL IN SYDNEY

RECORD PROFITS in the six months to November have prompted Broken Hill Proprietary (BHP), Australia's largest company, to announce a one-for-five bonus issue for shareholders registered on February 7 1986.

This follows a bonus issue of one-for-eight last March, and accompanies a half-year dividend of 17.5 cents a share (up 58 per cent adjusted for bonus), the fourth successive increase.

BHP's main interests include steel, oil, coal and other minerals. Net profit in the latest half, before minority interests and extraordinary items, was 60 per cent higher at A$380.8m (US$399m) against A$367m.

The much more liberal attitude to shareholder payouts stems directly from the appearance in BHP's midst of Mr Robert Holmes à Court, the aggressive Perth businessman and share raider, whose total stake in BHP, including share options, is now about 18 per cent.

Rumours persist that Mr Holmes à Court is on the brink of bidding A$9 cash per BHP share, or cash and paper worth A$9.50, to take his BHP stake to 40 per cent — possibly on Monday.

He says observers would do "better to concentrate on their Christmas shopping than on whether Bell Group (his master company) is to make a bid for BHP."

But he does not rule out the chances of a future bid, saying "it may not be a partial one." Yesterday, BHP shares closed steady at A$8.66 in a sluggish market.

At A$282.6m, BHP's net profit in the November quarter was 7.1 per cent lower than in the three months to August, following a dip in steel and oil earnings.

Nevertheless, BHP said that it was looking to a "very good year," and said it had committed A$2.5bn in the latest half to high-quality acquisitions. These include its A$1.1bn purchase of Monsanto Oil of the US.

BHP said that its record half-year profit was because of improved overall performance and to the lower value of the Australian dollar against its US counterpart.

Volvo buys back stake from Renault

By Kevin Done, Nordic Correspondent, in Stockholm

VOLVO, the Swedish automobile group, is buying back the 9.4 per cent stake held by Renault in its car operations in a deal worth around SKr 400m ($52m).

Volvo and Renault, the French state-owned car group, entered a far-reaching technical and financial agreement at the end of 1979 aimed at co-operation in research product development and production. Renault had options originally to take a 20 per cent holding in Volvo Car but has not gone above the 15 per cent level reached in 1981.

Two years ago, it sold back to Volvo a third of this holding and yesterday announced that it was pulling out completely.

At the end of the 1970s, Volvo's car operations were in deep trouble and slumped into losses in 1981.

Sonessons chairman quits

BY DAVID BROWN IN STOCKHOLM

MR HANS-ERIC OVIN, working chairman of Sonessons, the light engineering, pharmaceuticals and medical equipment company associated with the Volvo group, took financial markets by surprise yesterday by announcing his resignation. It follows several controversial share deals involving Leo, the Sonessons pharmaceutical subsidiary.

The so-called Leo affair comes in the midst of a broader debate over ethical standards on the stock market and in the Swedish business community. The bourse chief and others have called for a complete review of existing mechanisms to protect small shareholders.

Indeed, there were signs late yesterday that Mr Ovin's resignation would not spell the end of the affair, with the Swedish Shareholders' Association stating that the move did not absolve the board from responsibility for the share deals.

Mr Ovin, considered one of the best and brightest on the Swedish business scene, defended the propriety of the share deals, which took place in 1983 and 1984

The debate concerns the sale on advantageous terms of shares in Leo—acquired by Sonessons in 1983 — to Sonessons board members (including Mr Ovin) and others (such as Volvo chairman Pehr Gyllenhammar) prior to its public introduction at a higher price on the stock market.

In those deals, the shares were offered at a price of SKr 50.60, compared with the SKr 75 in the public offering.

EUROPEAN OPTIONS EXCHANGE

Series		Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
GOLD C	$320	1	12	--	--	57	50	$326.10
GOLD P	$320	46	5 A	--	--	—	—	"
		Dec.		March		June		
SILVER P	$600	45	20	--	--	—	--	$589
SILVER P	$650	11	70					
$/FR C	FR400	—	—	11	5.30	10	6	Fr404.15
$/FR P	FR405	—	—	4	3.50	80	5	"
$/FR C	FR400		-	14	7.60	—	—	"
$/FL C	Fl.285	514	0.30	21	5.20	-	--	Fl.283.70
$/FL C	Fl.290	60	0.05	60	4.10	--	--	"
$/FL P	Fl.295				—	65	4.50	"
$/FL P	Fl.280	207	0.10	95	6.40	18	10.30	"
$/FL P	Fl.285	341	1.50	16	9	--	-	"
$/FL P	Fl.290	240	6	10	12	-	—	"
$/FL P	Fl.295	162	11.50	-	..	--	—	"
$/FL P	Fl.300	389	16.50	--	--	—	--	"
$/FL P	Fl.305	115	21.50	--	--	—	--	"
$/FL P	Fl.310	230	26.30	2	28	—	--	"
$/FL P	Fl.315	71	31.50	--	-	—	—	"
$/FL P	Fl.320	311	36.30		-	—	—	"
$/FL P	Fl.325	55	41.30		—	—		"
$/FL P	Fl.330	22	46.30	--	—	--	--	"
$/FL P	Fl.335	119	51.30	--	—	--	—	"
$/FL P	Fl.340	12	57	--	--	—	—	"
$/FL P	Fl.345	98	61.30	—	--	—	—	"
$/FL P	Fl.350	138	66.40			—	—	"
$/FL P	Fl.355	35	71.30		-	--	—	"
$/FL P	Fl.360	16	76.30	--	—	—	—	"
$/FL P	Fl.365	25	81.50	--	—	—	—	"
$/DM P	DM.255	125	4	—	—	—	—	DM251.75
		Jan.		Apr.		July		
ABN C	Fl.560	767	24.50	113	33	28	38	Fl.580
ABN P	Fl.560	195	3.70	180	11	1	17	
AEGN C	Fl.115	95	2.50	163	6	5	8.80	Fl.111.30
AEGN P	Fl.105	114	1.10	46	3.20	—	--	"
AH C	Fl.80	520	5	192	9	69	9	Fl.83.70
AH P	Fl67.50	241	0.10	13	0.60	--	—	"
AKZO C	Fl.150	714	0.90	1,493	4.70	363	6	Fl.140.80
AKZO P	Fl.140	508	2.30 B	530	4.80	85	7.50 B	"
AMRO C	Fl.110		--	551	5.70	89	7	Fl.108.40
AMRO P	Fl.105	36	1.70	131	3.80	11	5	"
GIST C	Fl.280	—	—	183	19	36	24	Fl.284
GIST P	Fl.280	—	—	124	11.10	-	-	"
HEIN C	Fl.230	170	8.30	125	14.50	35	16.50	Fl.224.50
HEIN P	Fl.210	22	0.40	224	2.50	5	4.10	"
HOOG C	Fl.70	612	11.20	200	13.20	48	13.40	Fl.81
HOOG P	Fl.75	19	0.80	224	2	11	3	"
KLM C	Fl.55	535	1.70	499	4.50 B	93	5.80	Fl.54.30
KLM P	Fl.55	133	1.70	85	4.10	48	5	"
NEDL C	Fl.200	188	9	106	16.90	51	16	Fl.204
NEDL P	Fl.210	..	--	1	12	88	17	"
NATN C	Fl.85	285	2.50	661	6.50	87	7 B	Fl.86
NATN P	Fl.80	60	0.40	25	2	--	--	"
PHIL C	Fl.60	4118	2.60	2073	4.70	494	5.40	Fr.61.50
PHIL P	Fl.60	1058	1.40	478	2.50	51	3.50	"
RD C	Fl.170	818	8.50	55	13.80	104	14.50	Fl.177.60
RD P	Fl.270	452	1.20	259	3.40	33	6.60	"
ROBE C	Fl.80	-	—	19	4	5	5	Fl.83.30
UNIL C	Fl.400	441	9	156	21.50	7	30	Fl.399.50
UNIL P	Fl.400	95	7.50	79	15.10	5	19	"

TOTAL VOLUME IN CONTRACTS: 67,722

A = Ask B = Bid C = Call P = Put

LONDON TRADED OPTIONS

Option		Calls Jan.	Calls Apr.	Calls July	Puts Jan.	Puts Apr.	Puts July
B.P. (*546)	500	57	73	85	4	12	20
	550	21	38	55	20	35	40
	600	4	16	30	55	73	75
Cable & Wire (*583)	550	43	65	82	6	15	20
	600	10	30	53	27	35	37
	650	2	15	23	67	70	72
Cons. Gold (*452)	420	47	62	74	4	20	21
	460	25	40	52	18	43	42
	500	9	20	33	54	68	70
Courtaulds (*187)	140	49	52	55	1	1	1½
	160	30	33	36	1	3	5
	180	12	19	23	4	9	12
	200	5½	10	13	17	19	22
Com. Union (*225)	200	28	34	-	2	5	—
	220	16	23	32	6	12	15
	240	6	13	22	19	27	30
	260	2	7	15	37	42	42
Distillers (*478)	460	32	45	53	6	11	16
	500	9	23	33	30	38	47
	550	3	8	13	73	78	80
G.E.C. (*166)	140	30	36	-	1½	3	—
	160	14	22	30	4	8	11
	180	7	12	18	18	20	24
	200	1½	4	—	36	36	--
Grand Met. (*393)	330	68	70	80	1	3	5
	360	40	48	63	5	9	14
	390	16	25	35	17	23	30
I.C.I. (*729)	600	140	147	155	1	6	7
	650	90	100	107	5	9	16
	700	50	62	70	11	23	30
	750	16	25	40	35	47	50
Land Sec. (*295)	280	22	34	—	2	4	—
	300	8	22	29	9	13	16
	330	2	8	13	32	32	34
Marks & Sp. (*173)	140	37	43	-	1	2	—
	160	18	25	39	2	4	6
	180	7	15	20	11	15	18
	200	1½	7	10	30	33	35
Shell Trans (*655)	600	70	80	90	5	12	18
	650	28	38	55	17	28	35
	700	5	20	27	47	60	65
	750	1	8	--	95	103	—
Traf'gar Hse (*335)	330	18	30	40	8	11	16
	360	6	20	26	26	28	32
	390	3	9	14	55	55	56
	420	1	3	7	85	85	86

Option		Calls Feb.	Calls May	Calls Aug.	Puts Feb.	Puts May	Puts Aug.
BAT Inds (*306)	260	57	68	—	2	4	—
	280	37	50	63	5	7	11
	300	23	35	48	9	17	22
	330	6	18	25	28	35	40
Barclays (*452)	390	72	77	..	5	8	-
	420	47	55	67	10	15	20
	460	20	28	40	25	35	42
Brit. Aero (*450)	390	75	82	—	2	4	--
	420	45	65	82	8	17	19
	460	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	500	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BritTelecom (*189)	160	30	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	180	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Imperial Gr. (*257)	220	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	240	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	260	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	280	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
LASMO (*243)	220	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	240	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	260	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	280	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
LONRHO (*197)	140	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	160	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	180	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Feb.	Calls May	Calls Aug.	Puts Feb.	Puts May	Puts Aug.
P. & O. (*413)	360	65	-	—	1½	-	
	390	38	45	-	5	10	—
	420	20	28	38	20	25	28
	460	6	13	18	45	52	53
Racal (*156)	130	32	36	42	2½	6	7
	140	24	26	34	5	11	13
	160	13	20	28	13	18	22
	180	5	10	16	28	32	36
	200	2	—	—	46	—	..
R.T.Z. (*527)	500	45	67	77	8	16	23
	550	25	35	45	35	40	50
	600	7	18	—	77	80	--
Vaal Reefs (*$58)	50	11½	13½		3	6	—
	60	6	9	11½	6½	11	13
	70	3	5	6½	13	16½	18½
Ex 10¼ 1989 (*£96)	96	0¼	--	—	0¼	—	—
	98	0½	—	--	2	—	--
	100	0¼	--		4	—	—
Tr. 11¾ 1991 (*£103)	102	—	1¼	1½	—	0¾	1¼
	104	—	0½	0¾	—	2	2½
	106	—	0¼	0¼	—	3¼	3½
Tr. 11¾ 03/07 (*£109)	108	1½	2¾	3¼	0¾	2½	1¾
	110	0¾	1¾	2¼	1¾	2	2¾
	112	0¼	0¾	1¼	3¼	3½	3¾
	114	0¼	0¼	1	5¼	5½	5½

Option		Calls Mar.	Calls June	Calls Sept.	Puts Mar.	Puts June	Puts Sept.
BTR (*366)	300	80	—	—	2	-	—
	330	53	60	68	6	9	15
	360	32	47	53	18	23	28
	390	19	28	33	35	40	45
Beecham (*335)	280	70	75	-	3	7	--
	300	53	62	68	9	14	17
	330	33	40	47	16	27	33
	360	15½	28	32	35	45	48
Bass (*650)	600	70	90	110	12	15	17
	650	45	63	75	25	30	40
	700	14	27	45	65	70	75
De Beers (*$4.43)	420	60	70	100	20	33	40
	460	35	50	80	50	58	70
	500	16	30	-	80	87	
GKN (*253)	240	27	33	39	7	10	16
	260	15	19	25	18	24	27
	280	5	8		32	36	
Glaxo (*1540)	1350	240	270	--	12	25	..
	1400	190	230	..	20	40	..
	1450	160	180	—	25	55	—
	1500	135	150	180	45	70	95
	1550	110	128	155	80	105	116
	1600	85	105		115	140	
Hanson (*198)	180	25	31	36	6	7½	10
	200	14	21	27	14	15	17
	220	8	12	—	27	28	
Jaguar (*330)	240	97	..	—	0½		—
	260	77	88	—	1	2	-
	280	57	69	-	4	7	-
	300	45	55	66	9	11	14
	330	23	35	45	18	23	25
	360	9	22	31	32	35	38
Thorn EMI (*397)	360	52	67	—	7	9	--
	390	30	42	57	20	23	28
	420	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	460	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tesco (*280)	240	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	260	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	280	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	300	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Dec.	Calls Jan.	Calls Feb.	Calls Mar.	Puts Dec.	Puts Jan.	Puts Feb.	Puts Mar.
FT-SE Index (*1382)	1300	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	1325	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	1350	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	1375	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	1400	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	1425	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	1450	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	1475	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

December 20 Total contracts 11,853 Calls 8,676 Puts [illegible]

*Underlying security price

BASE LENDING RATES

ABN Bank	11½%	■ Guinness Mahon	11½%
Allied Dunbar & Co.	11½%	■ Hambros Bank	11½%
Allied Irish Bank	11½%	Heritable & Gen. Trust	11½%
American Express Bk.	11½%	■ Hill Samuel	§11½%
Amro Bank	11½%	C. Hoare & Co.	†11½%
Henry Ansbacher	11½%	Hongkong & Shanghai	11½%
Associates Cap. Corp.	12 %	Johnson Matthey Bkrs.	11½%
Banco de Bilbao	11½%	Knowsley & Co. Ltd.	12 %
Bank Hapoalim	11½%	Lloyds Bank	11½%
Bank Leumi (UK)	11½%	Edward Manson & Co.	12½%
BCCI	11½%	Meghraj & Sons Ltd.	11½%
Bank of Ireland	11½%	Midland Bank	11½%
Bank of Cyprus	11½%	■ Morgan Grenfell	11½%
Bank of India	11½%	Mount Credit Corp. Ltd.	11½%
Bank of Scotland	11½%	National Bk. of Kuwait	11½%
Banque Belge Ltd.	11½%	National Giro Bank	11½%
Barclays Bank	11½%	National Westminster	11½%
Beneficial Trust Ltd.	12½%	Northern Bank Ltd.	11½%
Brit. Bank of Mid. East	11½%	Norwich Gen. Trust	11½%
■ Brown Shipley	11½%	People's Trust	12½%
CL Bank Nederland	11½%	PK Finans. Intl. (UK)	12 %
Canada Permanent	11½%	Provincial Trust Ltd.	12½%
Cayzer Ltd	11½%	R. Raphael & Sons	11½%
Cedar Holdings	12 %	Roxburghe Guarantee	12 %
■ Charterhouse Japhet	11½%	Royal Bank of Scotland	11½%
Citibank NA	11½%	Royal Trust Co. Canada	11½%
Citibank Savings	¶12½%	Standard Chartered	‖11½%
City Merchants Bank	11½%	TCB	11½%
Clydesdale Bank	11½%	Trustee Savings Bank	11½%
C. E. Coates & Co. Ltd.	12 %	United Bank of Kuwait	11½%
Comm. Bk. N. East	11½%	United Mizrahi Bank	11½%
Consolidated Credits	11½%	Westpac Banking Corp.	11½%
Continental Trust Ltd.	11½%	Whiteaway Laidlaw	12 %
Co-operative Bank	*11½%	Yorkshire Bank	11½%
The Cyprus Popular Bk.	11½%		
Duncan Lawrie	11½%		
E. T. Trust	12 %		
Exeter Trust Ltd.	12 %		
Financial & Gen. Sec.	11½%		
First Nat. Fin. Corp.	12½%		
First Nat. Sec. Ltd.	12½%		
■ Robert Fleming & Co.	11½%		
Robert Fraser & Ptrs.	12½%		
Grindlays Bank	‡11½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 8.00%. 1-month 8.50%. Top Tier—£2,500+ at 3 months notice 11.25%. At call when £10,000+ remains deposited.
† Call deposits £1,000 and over 8.00% gross.
‡ 21-day deposits over £1,000 9.25%.
§ Mortgage base rate.
¶ Demand dep. 8%. Mortgage 13%.

Over-the-Counter Market

High	Low	Company	Price	Change	Gross div (p)	Yield %	P/E Actual	P/E Fully taxed
146	118	Ass. Brit. Ind. Ord.	118	—	7.3	6.2	7.2	6.7
151	121	Ass. Brit. Ind. CULS	121xd	—	10.0	3.3	—	—
77	43	Airsprung Group	62	—	6.4	9.4	11.3	14.8
46	26	Armitage and Rhodes	39	—	4.3	11.0	4.8	5.6
197	103	Bardon Hill	166	—	4.0	2.4	21.0	21.3
64	42	Bray Technologies	54	—	3.9	7.2	6.6	7.6
201	125	CCL Ordinary	136	−3	12.0	8.8	3.3	3.2
152	97	CCL 11pc Conv. Pref	97xd	—	15.7	16.2	—	—
130	70	Carborundum Ord	116	—	4.9	4.2	5.7	9.0
94	83	Carborundum 7.5pc Pf	91xd	—	10.7	11.3	—	—
[illegible]	[illegible]	Deborah Services	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Frederick Parker Group	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	George Blair	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Ind. Precision Castings	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Isis Group	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Jackson Group	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	James Burrough	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	James Burrough 9pc Pf	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	John Howard and Co.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Linguaphone Ord	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Linguaphone 10.5pc Pf	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Minihouse Holding NV	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Robert Jenkins	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Scrutons "A"	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Torday and Carlisle	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Trevian Holdings	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Unilock Holdings	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Walter Alexander	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	W. S. Yeates	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

‡ = Suspended.

WORLD STOCK MARKETS

WALL STREET

Sharp rise in Dow Jones Index

WALL STREET rose sharply in the early afternoon with stock index options and futures giving a boost to the blue chips.

The expiration of December contracts coinciding with the expiration of individual stock options caused some professional investors to unwind positions by buying stocks.

The Dow Jones Industrial Average was up 15 points to 1,559. Advances led declines by a three-two margin on turnover of 99.27m shares.

J.P. Morgan led the actives, up ⅜ to $63. Union Carbide was second, up ⅝ to $63.

CANADA

Toronto stocks were down slightly in active trading by mid-session, with most major stock groups little moved.

The Composite Index was off 1.46 points to 2,872.37 on 9.5m shares as losses outpaced gains 335 to 278.

Top active was Falconbridge, up 1½ to $21 after being halted Wednesday for the news that it *had agreed to acquire* Canada Development Corp's Kid Creek Mines unit for cash and securities worth $615m. Canada Development *Corp, which also* resumed trading, added ⅛ to C$9⅞.

Husky Oil fell ⅛ to C$9⅜ in active trading after saying that the Canadian Government had voiced concerns about its proposed *C$3.2bn* heavy oil upgrader.

Imperial Oil class A lost ¼ to C$51½ while Shell Canada eased ⅛ to C$22⅝. Both companies cut crude oil prices last week.

In industrial actives, National Business Systems rose C$1 to C$26½, SHL Systemhouse added ⅛ to C$13⅜ and Bell Canada dipped ⅛ to C$41½.

The Montreal Market Portfolio Index eased another 0.22 of a point to 140.90 in heavy volume

Closing prices for North America were not available for this edition

of 2m shares. Royal Bank *Canada fell ⅛ to C$33⅜.*

In Vancouver, the index was off marginally to 1,252.3.

TOKYO

Share prices fell sharply as investors sold off blue chips and took profits on domestic-oriented issues and biotechnologies.

The market average dropped 103.94 to 13,011.09.

Expectations of a cut in the official discount rate had been largely discounted. Prospects of lower profits for blue chips, a drastic retrenchment by shipper *Japan Line and a desire to take* profits on issues which gained in recent days all depressed the market.

The broader-based Tokyo Stock Exchange Index fell 8.01 to 1,038.24.

Blue chip electronics fell heavily in reaction to Sony's fore*cast of a* 15 per cent fall in net profits for the year ended October 1986. Sony lost 90 to 4,050.

Japan Lines, which is planning a major retrenchment, fell the daily maximum Y30 limit, but recovered *later* to close *only* Y27 down at Y72.

Properties eased on profit-taking: *Mitsui Real Estates lost* Y40 to Y1,080 and Mitsubishi Estate Y60 to Y1,180. Utilities also fell, with Tokyo Electric Power down Y60 to Y2,790.

Biotechnologies fell too, with Asahi Chemical down Y8 to Y797 and Yamanouchi *Y70 to* Y3,100.

GERMANY

Prices closed sharply higher, boosted by changes to monetary policy announced by the Bundesbank on Thursday, pushing the Commerzbank stock index to a record high of 1,871.1.

Deutsche Bank rose *DM 27 to DM 895 after passing through* DM 900 for the first time in early trading, pulling other shares higher.

In other banks, Dresdner gained DM 20 to 410, Commerzbank added 17 to 326.50 and BHF rose 12 to 498. Autos were mixed. Daimler gained 36.50 to 1,190.50 and VW added 7 to 444, but BMW lost 3 to 562 and Porsche shed 10 to 1,250.

Chemicals were higher across the board. BASF added 3.30 to 267.50, Bayer gained 3.50 to *269.80* and Hoechst rose 2.80 to *272.80.* Pharmaceutical Schering rose 9 to 634. Electrical Siemens gained 26.20 to 715 but AEG was unchanged at 233.50.

AMSTERDAM

Dutch shares posted further new records in every sector except shipping and airlines in surprisingly active Friday pre-Christmas business.

Heavy demand was seen from domestic as well as *foreign investors.* Market sentiment was firm because of a positive view of Dutch economic prospects in 1986, and was also supported by the latest six-monthly forecast from the OECD expressing growing confidence in the world economic outlook.

The banking index rose 9.8 points to 415.0, with ABN bank *showing the strongest rise of the* day, up 16 guilders to a high of 283.

Thursday's higher Wall Street close together with the recovery of the US dollar contributed to the market's tone.

The All-Share Index rose 3.7 points from Thursday's record level to a historical high of 250.8. Internationals rose 2.6 to 238.5, insurance shares were up 6.6 at 693.6 and Industrials were up 4.3 at 235.3.

Publisher VNU, up 14 at Fl 304 at midsession, finished at 302. Copier-maker Oce van der *Grinten* rose *9.50 to* 395 and chemical Gistbrocades firmed in late trading to double its gain to eight at 284.50. Exceptions to the rising trend included *Fokker,* down 0.30 at 74.

HONG KONG

Stocks closed a shade weaker in thin trading.

News that Hang Seng Bank is to take a majority stake in Wing On Bank, a unit of Wing On Holdings, had little impact on the market. Wing on Holdings remained *suspended yesterday,* while Hang Seng lost 25 cents to HK$45.25.

The Hang Seng Index fell 5.89 to 1,720.16. Turnover was $175.21m.

Properties were mostly higher with the property sub-index gaining 22 points to 2,210.63. Cheung Kong added 20 cents to $21, HK *Land 10 to 6.60, Hang Lung 5 to* 6.75 and New World was unchanged at 6.90. But HK Wharf slipped 15 to 7.40 and [illegible] Properties 20 to 12.70 ag[illegible] the trend.

SINGAPORE

Prices closed mixed [illegible] moderate trading, *with* [illegible] Straits Times Industrial In[illegible] falling 3.88 points to 600.29 w[illegible] the *stock* exchange All S[illegible] Index rose 02.4 to 230.51.

Newcomer Singapore Afri[illegible] again the most active cou[illegible] with a turnover of 2.1m sha[illegible] closed 12 cents lower at [illegible] Tuan Sing Holdings was st[illegible] at 24 cents with 1m *units tra*[illegible] while Sime-Darby rose 5 cent[illegible] $1.39.

Among *gainers, Fraser* [illegible] Neave, rose 10 cents to S$[illegible] Singapore Press 10 to S$[illegible] *Cerebos* 9 to S$1.80, OUB [illegible] S$2.40, and Genting 4 to S$[illegible]

AUSTRALIA

Stock markets closed stea[illegible] after dull trading with BH[illegible] half-yearly result proving to [illegible] an anti-climax and gold sto[illegible] rising only slightly.

The BHP half-year result [illegible] A$574.4m was lower th[illegible] expected, but the one for [illegible] bonus issue cancelled out [illegible] fall in BHP stock, closing stea[illegible] at 8.66.

The All Ordinaries Index [illegible] 0.6 points to 986.6, and the [illegible] Resources *2.5 to 632.2,* while [illegible] All Industrials firmed 2.3 [illegible] 1458.8 and the Gold Index r[illegible] 10.9 to 806.2.

National turnover was 54.6[illegible] shares worth A$90.48m with fa[illegible] outnumbering rises 224 to 172.

Gold stocks were the ma[illegible] movers during otherwise d[illegible] trading, with a slight hardeni[illegible] in the world oil price pushi[illegible] bullion up.

ZURICH

The Industrial Index of Swi[illegible] Bank Corporation set a reco[illegible] high of 561.4, up 0.6 from t[illegible] previous peak, set on Thursda[illegible]

The index has been *risi*[illegible] steadily since early Octobe[illegible] Prices were broadly steady ye[illegible]terday but a slight upturn in bl[illegible] chips helped the index highe[illegible]

The sectoral indices showe[illegible] insurers, foods, electrical[illegible] chemicals and industrials all [illegible] new highs, but banks and divers[illegible] shares slipped back. The inde[illegible] is now more than 50 per cen[illegible] above the level at the end [illegible] 1984.

CANADA

Stock	Dec. 19	Dec. 18
AMCA Intl	16	16⅞
Abitibi	17	17¾
Agnico Eagl	21⅛	21
Alberta Energy	16½	17
Alcan Aluminium	40¾	40¾
Algoma Steel	20⅛	20
Bank Montreal	34⅝	34¾
Bank Nova Scotia	14⅝	14⅞
BCE	41⅝	40⅞
Bombadier A	14¾	14⅝
Bow Valley	14	13⅞

Stock	Dec. 19	Dec. 18
Campbell Red L.	31	30¾
Can. Cement Pt.	12	11¾
Can. NW Energy	25¾	25¾
Can. Packers	37¼	37½
Can. Trustco	42	42
Can. Imp. Bank	43⅝	44
Can. Pacific	18⅜	18⅝
Can. Tire C.	11⅝	11¾
Canfor	10¾	10½
Carling O'Kfe	13¼	13⅛
Chieftain	13	13
Cominco	11⅞	12
Conigas Mines	4.15	4.20

Stock	Dec. 19	Dec. 18
Dome Mines	13¼	12⅝
Dome Petroleum	2.87	2.88
Domtar	22⅝	22⅜
Falconbridge	19⅛	19½
Fed. Inds. A	13⅞	13¾
Gendis A	34⅞	35
Genstar	32⅜	32½
Giant Y'knife	20⅝	20
Gt. West Life	4.50	4.60
Gulf Canada	20¼	20⅝
Hawker Sid.Can.	23⅛	23¼
Hudson's Bay	25⅛	25¾
Husky Oil	9¾	9½

Stock	Dec. 19	Dec. 18
Loblaw	23⅝	23¼
Macmil Bloedel	24	23¾
Marks & Spencer	15⅛	15⅜
Massey Ferguson	2.90	2.90
McIntyre Mines	40	39½
Mitel Corpn.	8¾	8⅝
Molson A	19¼	19¼
Moore Corp.	28½	28⅞
Nat. Bank Can.	24⅝	24¾
Nat. Sea Prods A	12½	12¼
Noranda Inc.	16⅛	16
Norcen Energy	16	16

Stock	Dec. 19	Dec. 18
Ranger Oil	4.60	4.50
Reed Stenh'se A.	47	46¾
Rio Algom	22½	25
Royal Bank Can.	33¾	33⅞
Royal Trust A.	23¼	23¼
Sceptre Res.	4.55	4.55
Seagram	67⅝	67
Sears Can. Inc.	11⅛	11⅝
Shell Can. A.	22¾	22¾
SHL Systemh'se.	13¼	13¼
Stelco A.	23½	23⅛
Teck B.	17⅝	17

Indices

NEW YORK

Industrial dividend yield	Dec. 11	Dec. 4	Nov. 27	Year ago (approx)
	3.48	3.50	3.52	4.12
Industrial P/E ratio	14.00	13.91	13.82	10.60
Long Gov. Bond yield	9.45	9.84	9.89	11.37

N.Y.S.E. ALL COMMON

Dec. 19	Dec. 18	Dec. 17	Dec. 16	1985 High	1985 Low
120.75	120.69	121.17	121.90	121.90 (16/12)	94.60 (4/1)

Rises and Falls

	Dec. 19	Dec. 18	Dec. 17
Issues Traded	2,041	2,052	2,071
Rises	824	664	639
Falls	813	958	1,033
Unchanged	404	430	399
New Highs	98	130	228
New Lows	12	18	17

TORONTO	Dec. 19	Dec. 18	Dec. 17	Dec. 16	1985 High	1985 Low
Metals & Minerals	2076.4	2074.8	2109.8	2071.0	2190.07 (15/2)	1740.82 (31/10)
Composite	2873.8	2871.2	2884.5	2882.7	2884.3 (17/12)	2548.5 (8/1)
MONTREAL Portfolio	141.12	141.25	142.07	141.71	142.07 (17/12)	117.00 (4/1)

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Fed Nat Mort.	2,260,900	26⅝	−1
Baxter Trav	2,168,400	15	− ⅛
Texaco	2,155,200	29⅞	+ ⅛
Union Carbide	1,917,600	72	− ¾
RCA	1,534,600	59½	+ ½
Eastman Kodak	1,476,900	48⅞	—
AT & T	1,468,000	25	+ ⅛
US Steel	1,258,900	25½	− ¼
Wal-Mart	1,176,500	31¼	−2⅛
Warner-Lambert	1,169,800	49	+3⅛

CURRENCIES and MONEY

FOREIGN EXCHANGES

Little reaction to GNP figures

The dollar showed little overall change in currency markets yesterday following the release of US GNP figures. The third quarter flash estimate showed a rise of 3.2 per cent compared with market estimates of 2½-3 per cent. However, second and first quarter figures were revised downwards and the underlying picture still tended to suggest a sluggish rate of growth.

The dollar's overall weakness also reflected a decision by the US Federal Reserve to add reserves to the money market with Federal funds trading below 8 per cent. This gave rise to renewed speculation over the possibility of an early reduction in the US discount rate.

Many banks had already finished for the year and those still in the market were only prepared to react to either an unexpected rise or fall in US GNP figures. With the announcement being close to expectations, the motivation to open new positions effectively came to an end. Consequently currencies showed little overall change on the day.

The dollar closed at DM 2.5100 from DM 2.5160 and Y202.60 compared with Y202.90. Elsewhere it finished at SFr 2.1110 from SFr 2.1150 and FFr 7.7175 from FFr 7.7225. On Bank of England figures the dollar's exchange rate index rose to 127.4 from 127.3.

Sterling finished slightly firmer overall and its exchange rate index rose during the afternoon to finish at 78.1 up from 77.9 on Thursday. Against the dollar it rose to $1.4240-1.4250, a rise of 35 points. Against the D-mark it was unchanged at DM 3.5750 but rose against the yen to Y288.5 from Y288.25. It was also higher against the Swiss franc at SFr 3.0075 from SFr 3.0050 and FFr 10.9950 from FFr 10.9750.

Weaker members of the European Monetary System started to show signs of strain as the D-mark improved against the dollar. The Belgian franc was the weakest currency and recent pressure prompted the Belgian central bank to raise its discount rate to 9¾ per cent from 8¾ per cent. This in turn gave rise to renewed speculation over the possibility of a currency realignment.

£ IN NEW YORK

	Dec. 20	Prev. close
£ Spot	$1.4235-1.4245	$1.4230-1.4255
1 month	0.48-0.44pm	0.46-0.44pm
3 months	1.33-1.29pm	1.31-1.28pm
12 months	4.75-4.60pm	4.58-4.48pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	Dec 20	Previous
8.30 am	77.9	77.9
9.00 am	77.9	77.9
10.00 am	77.9	78.1
11.00 am	77.9	78.0
Noon	77.9	77.9
1.00 pm	78.0	77.9
2.00 pm	78.0	77.8
3.00 pm	78.1	78.0
4.00 pm	78.1	77.9

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Dec 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4200-1.4260	1.4240-1.4250	0.41-0.38c pm	3.28	1.30-1.26c pm	3.59
Ireland†	1.2160-1.2232	1.2205-1.2215	0.35-0.25c pm	2.95	1.25-0.95c pm	3.60
Canada	1.3975-1.3984	1.3957-1.3961	0.15-0.18c dis	−1.41	0.40-0.45dis	−1.21
Nethlnd.	2.8275-2.8396	2.8310-2.8320	0.55-0.52c pm	2.26	1.42-1.39 pm	1.98
Belgium	51.30-51.51	51.40-51.50	6-8c dis	−1.63	18-23 dis	−1.63
Denmark	9.12½-9.15¾	9.14-9.14½	0.10-0.60ore dis	−0.45	1-1.50 dis	−0.54
W. Ger.	2.5075-2.5200	2.5095-2.5105	0.65-0.59pf pm	2.90	1.94-1.89 pm	3.04

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 51.60-51.70.

CURRENCY RATES

* CS/SDR rate for Dec 19: 1.51921.

POUND SPOT—FORWARD AGAINST POUND

Belgian rate is for convertible francs. Financial franc 73.55-73.65. Six-month forward dollar 2.55-2.50c pm. 12-month 4.60-4.45c pm.

CURRENCY MOVEMENTS

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

EURO-CURRENCY INTEREST RATES

Long-term Eurodollars: two years 8⅞-8⅝ per cent; three years 8⅞-9 per cent; four years 9-9¼ per cent; five years 9¼-9⅜ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

OTHER CURRENCIES

* Selling rate.

EXCHANGE CROSS RATES

Yen per 1,000: French Fr per 10: Lira per 1,000: Belg Fr per 100.

MONEY MARKETS

London rates steady

Interest rates were hardly changed in London yesterday with nothing of interest to influence the market so close to Christmas. Three-month interbank money was quoted at 11⅝-11¾ per cent, unchanged from Thursday while three-month eligible bank bills were bid at 11⅜ per cent compared with 11$\frac{5}{32}$ per cent. Weekend interbank money opened at 11⅜-11½ per cent and eased to 7 per cent before finishing at 11½ per cent.

The Bank of England forecast a shortage of around £250m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £492m and a rise in the note circulation a further £355m. These were partly offset by Exchequer transactions which added £575m and banks' balances brought forward £15m above target. The forecast was revised to a shortage of around £300m and the Bank gave assistance in the morning of £257m. This comprised outright purchases of £1m of eligible bank bills in band 2 at 11$\frac{7}{16}$ per cent, £139m in band 3 at 11⅜ per cent and £117m in band 4 at 11$\frac{5}{16}$ per cent.

The Bank revised the forecast once again, this time to a shortage of around £400m, before taking into account the morning help. They gave assistance in the afternoon of £176m through outright purchases of £100m of eligible bank bills in band 2 at 11$\frac{7}{16}$ per cent and £76m in band 3 at 11⅜ per cent. Total help came to £433m.

In Frankfurt call money was quoted at 4.9-5.1 per cent, up sharply from Thursday's figure of 4.5-4.6 per cent. Liquidity levels were squeezed by payment of corporate taxes and the Bundesbank provided temporary liquidity at 4.9 per cent through several state-owned financial outlets. Figures released yesterday also showed that commercial banks had acquired a further DM 700m on Thursday through the Lombard facility.

In Brussels the Belgian central bank raised its discount rate to 9¾ per cent from 8¾ per cent. This was seen as a direct consequence of the Belgian franc's recent weakness within the EMS. Although the lowest currency, Belgian officials were quick to stress that it was not in any immediate danger and was still inside its divergence limit. However, speculation of an early realignment of parities remained.

UK clearing banks base lending rate 11½ per cent since July 30

FT LONDON INTERBANK FIXING

(11.00 a.m. Dec. 20) Three months U.S. dollars		Six months U.S. dollars	
bid 7 7/8	offer 8	bid 7 7/8	offer 8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

Dec. 20	Ov'r-nig't	One Month	Two Months	Three Months	Six Months	Lombard In'v'ntion
Frankfurt	4.9-5.1	4.75-4.90	4.75-4.90	4.75-4.85	4.75-4.85	5.5
Paris	9⅛	8$\frac{15}{16}$-9$\frac{1}{16}$	8$\frac{13}{16}$-8$\frac{15}{16}$	9-9⅛	—	8¼
Zurich	⅞-1⅛	4½-4⅝	—	4⅛-4¼	—	—
Amsterdam	5$\frac{7}{16}$-5¾	5¾-5⅞	—	5¾-5⅞	—	—
Tokyo	7.84375	8.09375	—	7.90625	—	—
Milan	14⅝-15	15¼-15⅝	—	14½-15¼	—	—
Brussels	5.35	9$\frac{1}{16}$-9$\frac{3}{16}$	—	9¾-9⅞	—	—
Dublin	8-8½	10⅝-10⅞	11-11¼	11⅞-12⅛	12-12¼	—

LONDON MONEY RATES

Dec. 20	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	7-11½	11⅛-11½	11⅝-11¾	11¾-11⅞	11¾-11⅞	11⅝-11¾
Sterling CDs	—	—	11$\frac{9}{16}$-11$\frac{11}{16}$	11$\frac{9}{16}$-11$\frac{11}{16}$	11½-11⅝	11½-11⅝
Local Authority Depos	10¾-11¼	11¼-11½	11$\frac{9}{16}$	11$\frac{11}{16}$	11$\frac{9}{16}$	11⅝
Local Author'y Bonds	—	—	12$\frac{1}{16}$	12	11⅞	11¾
Discount Mkt Depos.	7-11¼	11¼	11½	11¼	—	—
Company Depos.	8-11⅝	11½-11¾	11⅝-11⅞	12	[illegible]	[illegible]

Treasury Bills (sell): one-month 11⅜ per cent; three-month 11⅜ per cent. Bank Bills (sell): one-month 11⅝ per cent; three-month 11⅜ per cent. Treasury Bills: Average tender rate of discount 11.1607 per cent. ECGD Fixed Finance Scheme IV reference rate November 6 to December 3 (inclusive): 11.612 per cent. Local authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 12 per cent from December 1, 1985. Bank Deposit Rates for sums at seven days' notice 6.25-6.625 per cent (net). Certificates of Tax Deposits (Series 6): Deposits £100,000 and over held under one month 11⅞ per cent; one-three months 11⅝ per cent; three-six months 11⅝ per cent; six-nine months 11 per cent; nine-12 months 11¼ per cent. Under £100,000 10¾ per cent from December 17. Deposits held under Series 5 11¾ per cent. Deposits withdrawn for cash 7¼ per cent.

COMMODITIES AND AGRICULTURE

REVIEW OF THE WEEK

Coffee bulls on the rampage

BY RICHARD MOONEY

COMMODITY BULLS, who have had little to roar about for most of the year, went on the rampage in the coffee market this week. Concern about the damage done to the Brazilian crop by this year's drought had already led to a £550 rise on the London futures market between late September and the end of last week. And although there was little fresh news, prices gained as much again this week.

The biggest rise came yesterday when the March futures position put on £200 to an eight-year high of £2,725 a tonne, taking its rise on the week to £577.50 a tonne. Some dealers said this was due to Thursday's earth tremor in Colombia, the second biggest producer after Brazil, and rumours that the ice cap was beginning to melt again on the volcano which erupted last month. But others dismissed these factors, saying that the week's price rise was entirely due to speculative activity. "It has not got much to do with coffee," commented one trader. "Many speculators are sitting on big paper profits, and nobody is prepared to sell short."

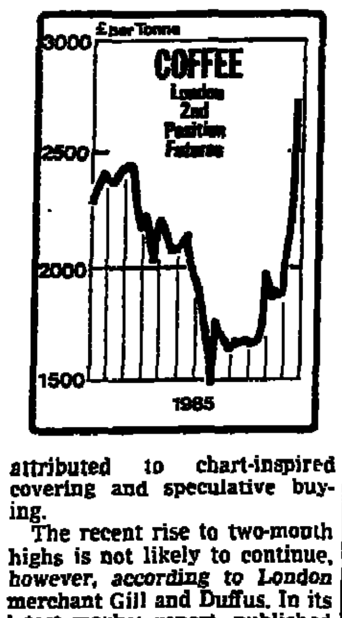
He thought the market had already taken account of the likely suspension of International Coffee Organisation export quotas—which will happen if prices remain anywhere near current levels until mid-February.

"It is difficult to think of anything which might burst the bubble," another trader said. The Brazilian Coffee Institute had been expected to issue a crop forecast for the 1986-87 season (when the drought damage will be felt) and if this had been well above market expectations the bull trend might have been halted. But an institute director said yesterday that the estimate would not come before the end of January at the earliest.

The rise in prices has not been greeted with universal delight in the other coffee producing countries, though it will give a welcome boost to their foreign exchange earnings, in the near term at least.

Colombia in particular is concerned about the threat the price rise and possible quota suspension poses to the survival of the International Coffee Agreement. Stressing the longer term importance of well ordered production and reasonable prices, Colombia's President, Mr Belisario Betancur, said this week that every effort should be made to defend the agreement. And the country's coffee growers' federation has warned that prices should not be allowed to rise too far because this would eventually affect consumption levels and earnings.

In comparison with coffee the cocoa market has been a pretty dull affair of late, though the overall trend has been firm. And this week was no exception with the March position on the London futures market edging up a few more pounds before putting on a spurt yesterday to end the week £50.50 higher at £1,780 a tonne in the March position. Dealers could find no fundamental factors to explain yesterday's rise, which they attributed to chart-inspired covering and speculative buying.



The recent rise to two-month highs is not likely to continue, however, according to London merchant Gill and Duffus. In its latest market report, published yesterday, it lifts its projection for the 1985/86 production surplus to 54,000 tonnes from 12,000 tonnes in its October report. "The growing surplus of supply and the difficulty of reaching a new buffer-stock agreement suggest that the market is likely to make its way to lower levels," Gill and Duffus comments.

The rally in the London Metal Exchange aluminium market peaked after a £55 rise in the cash position on Monday had extended the gain over two weeks to £141.75. This was quickly trimmed back by falls of £21.50 and £24.50 on Tuesday and Wednesday but the market firmed up again yesterday on the International Primary Aluminium Institute's announcement that average daily non-Communist world production fel between 300 tonnes, last month to 32,300 tonnes, confirming the trend which had encouraged the earlier price rise. Cash aluminium ended the week £24 higher on balance at £761.50 a tonne.

WEEKLY PRICE CHANGES

(Columns: Latest prices per tonne unless stated; Ch'nge on week; Year ago; 1985 High; 1985 Low.)

† Unquoted. (g) Madagascar. (v) December-January. (w) January. (x) January-February.

INDICES

FINANCIAL TIMES

Dec. 20	Dec. 19	M'th ago	Year ago
—*	—*	—*	292.93

(Base: July 1 1952 = 100)

REUTERS

Dec. 20	Dec. 19	M'th ago	Year ago
1788.4	1793.2	1724.8	1909.8

(Base: September 18 1931 = 100)

DOW JONES

Dow Jones	Dec. 19	Dec. 18	Month ago	Year ago
Spot	123.60	122.17	—	121.49
Fut.	129.78	128.64	—	125.59

(Base December 31 1974 = 100)

* Not available due to suspension of tin LME.

GRAINS

Wheat was fairly subdued, rising by up to 30p on keen country buying interest. Barley was extremely strong, gradually rising throughout the day on heavy shipper buying, reflecting export commitment. Contract highs were established with a good deal of cross trading seen, reports Muirpace.

Business done—Wheat: Jan 113.25-3.00, Mar 116.00-5.80, May 118.95-8.75, July 121.05-20.85, Sept untraded, Nov 102.25 only. Sales: 195 lots of 100 tonnes. Barley: Jan 112.75-1.90, Mar 115.55-4.90, May 117.50-6.65, Sept untraded, Nov 101.55 only. Sales: 615 lots of 100 tonnes.

LONDON GRAINS—Wheat: US dark northern spring No 1 15 per cent Jan 139.25, Feb 141.25, Mar 143 sellers transshipment east coast. US no 2 soft red winter Jan 125.75, Feb 126.25, Mar 126.50 sellers. EC French Dec 135. English feed fob Jan 116, Jan/Mar 117.50 paids, Apr/Jun 121.75, Jan/Jun 119.50 sellers. Maize: US no 3 yellow/French transshipment east coast Dec 142.50. Barley: English feed Jan 116, Feb 118, Jan/Mar 118, Feb/Mar 119 paids, Apr/Jun 121 buyer. Rest unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: E. Midlands 109.70, N. East 108.70. The UK monetary coefficient for the week beginning Monday December 30 (based on HGCA calculations using three days' exchange rates) is expected to be unchanged.

GOLD

Gold rose just £¼ an ounce from Thursday's close in the London bullion market yesterday to finish at $325¾-326¼. The metal opened at $324¼-324¾ and traded between a high of $326¼-326¾ and a low of $323½-324. Trading was rather quiet with the US third-quarter flash figure for GNP having very little effect.

Close	$325¾-326¼	(£228¾-229¼)
Opening	$324¼-324¾	(£227¾-228¼)
M'ni'g fix.	$323.55	(£227.452)
Aft'n'n fix	$326.55	(£228.536)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$328 328½	(£230¼-230¾)
½ Krug.	$173¼-174	(£121½-123)
¼ Krug.	$88½-89¼	(£62-62¾)
1/10 Krug.	$36¼ 37	(£25½-26)
Mapleleaf	$336 336½	(£236-236¼)
Angel	$334-336½	(£235 236¾)
1/10 Angel	$32½-37½	(£23¾-26½)
New Sov.	$78¼-78¾	(£55-55¼)
½ New Sov	$46¼ 47½	(£32½-33¼)
Old Sov.	$83-84½	(£58¼-59¼)
$20 Eagle	$430 470	(£302 330)
Noble Plat	$347 351	(£244-246¾)

SILVER

Silver was fixed 0.15p an ounce lower for spot delivery in the London bullion market yesterday at 409.4p. US cent equivalents of the fixing levels were: spot 582.75c, up 0.75c; three-month 593.45c, up 0.95c; six-month 604.95c, up 1.2c; and 12-month 628.9c, up 1.55c. The metal opened at 409½-411½p (583-585c) and closed at 412-414p (587-589c).

US MARKETS

PRECIOUS METALS were generally firm reflecting expectations that the Federal Reserve will soon cut the discount rate, reports Heinold continued to attract buying on reports that production continues to fall. Copper sympathy with sterling strength but weakened late on profit-taking ahead of the weekend. Japanese price fixing helped firm sugar values. Despite a trade report indicating a larger than expected surplus for 1985-86, strong manufacturer buying helped rally cocoa values. Coffee continued to soar on continuing concerns over supply availability in 1986. Cotton was under presusre on protaking and scattered trade selling. The energy complex weakened on technical selling. The energy complex weakened on technical selling. The grain complex was under modest pressure on commercial selling. The soyabean complex weakened on farmer... movement.

NEW YORK

ALUMINIUM 40,000 lbs, cents/lb

	Close	High	Low	Prev
Dec	50.70	—	—	50 15
Jan	50.90	—	—	50 35
Feb	51.20	—	—	50 25
March	51.45	52 05	51 15	50 90
May	52.05	52 50	51 90	51 40

COPPER 25,000 lbs, cents/lb

	Close	High	Low	Prev
Dec	63.05	63.50	63.00	63.25
Jan	63.15	63.05	63 05	63.40
Feb	63.40	—	—	63 85
March	63 65	64.40	63.55	63 95
May	63.90	64.65	63.80	64 20
July	64.10	64.80	64.15	64 45
Sept	64.30	64.50	64.40	64 65
Dec	64.60	65.30	64.95	64.95
Jan	64 70	—	—	65 05
March	64.90	—	—	65.25

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
March	61.23	61.45	61.20	61.66
May	61.00	61.15	60.98	61 27
July	57.90	58.15	57.90	58 35
Oct	51.52	51.60	51.50	51.48
Dec	49.45	49.61	49.40	49.55
March	50.10	—	—	50.13
May	50.42	—	—	50.46

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Dec	325.9	326.2	324 4	324.3
Jan	327.0	—	—	325 9
Feb	328.7	329.4	326.8	327.2
April	332.4	332.9	330 9	330.9
June	336.3	336.8	334.2	334.8
Aug	340.3	340 0	339.0	338.8
Oct	344.4	—	—	342.9
Dec	348.6	349.8	347.5	347.1
Feb	352.8	—	—	351.3
April	356.9	—	—	355.4
June	361.5	—	—	360.0
Aug	366.3	—	—	364.8
Oct	371.4	372.4	370.5	369.9

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	High	Low	Prev
Jan	80 40	81 70	80 15	80 92
Feb	78.35	79.60	78.20	78 82
March	73.05	73.75	72.90	73 27
April	67.70	68.35	67.50	68 07
May	64.50	65.00	64.50	64.85
June	64.30	64.20	64.20	64.65
July	64.10	64.65	64.20	64 65

CHICAGO

WHEAT 5 000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
March	341 4	342 0	336.4	342 6
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	290 0	[illegible]
Sept	293 4	294 0	291.6	292 2
Dec	304 0	304.4	301 0	303 6

SOYABEAN MEAL

	Yesterday close £ per tonne	+ or —	Business Done
Dec.	—	—	—
Feb.	128.6-129.2	+1.25	129.0-128.3
Apr.	131.5-131.8	+1.25	132.0-131.0
June	128.2-129.0	+1.60	129.0-128.5
August	126.5-127.0	+1.45	127.0

Sales: 1,005 (201) lots of 20 tonnes.

OIL

There was little trade in the Atlantic Basin markets which started winding down for the Christmas holiday. Nymex opened 11c up for February but was trading 26c down by 1 pm EST. Petroleum products were also quiet. Gas oil was slightly firmer with some trade mostly on the forward months—Petroleum Argus London.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—Jan.		
Arab Light	27.60 27.65	−0.075
Arab Heavy	25 60-25.90	—
Dubai	25.85-26.05	−0.075
Brent Blend	25.65-25.70	+0.10
W.T.I. (1pm est)	26.60-26.70*	N A
Forcados (Nigeria)	26.40-26.60	−0.30
Urals (cif NME)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	256-259	—

* February.

Petroleum Argus estimates

FREIGHT FUTURES

Turnover 34 (56).

SUGAR

Turnover. 1,262 (1,395) lots of 100 tonnes.

CRUDE OIL FUTURES—Brent Blend Index $ a barrel (Close, change, business done). Index 25 68, +0.26. Jan 25 57-25.75, −0.00; Feb 24 50-25 10, −0.10 24 55; Mar 24 00-24 50, +0 125; Apr 23 50-24 50, +0 175. May 23.90-24 40, +0.20.

Turnover, 2 (204) lots of 1,000 barrels

Record £82m spent on land reclamation

THE Government has spent a record £82m on reclaiming derelict land this year, the Department of the Environment said yesterday.

Wembley Stadium has been returned to constructive use but the task ahead is huge, it said. In England there are more than 85,000 acres of wasteland.

LONDON STOCK EXCHANGE

MARKET REPORT

Subdued trading session ends with equity leaders rallying from lowest levels

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Dec 9	Dec 19	Dec 20	Jan 6
Dec 23	Jan 9	Jan 10	Jan 20
Jan 13	Jan 23	Jan 24	Feb 3

* "New-time" dealings may take place from 9.30 am two business days earlier.

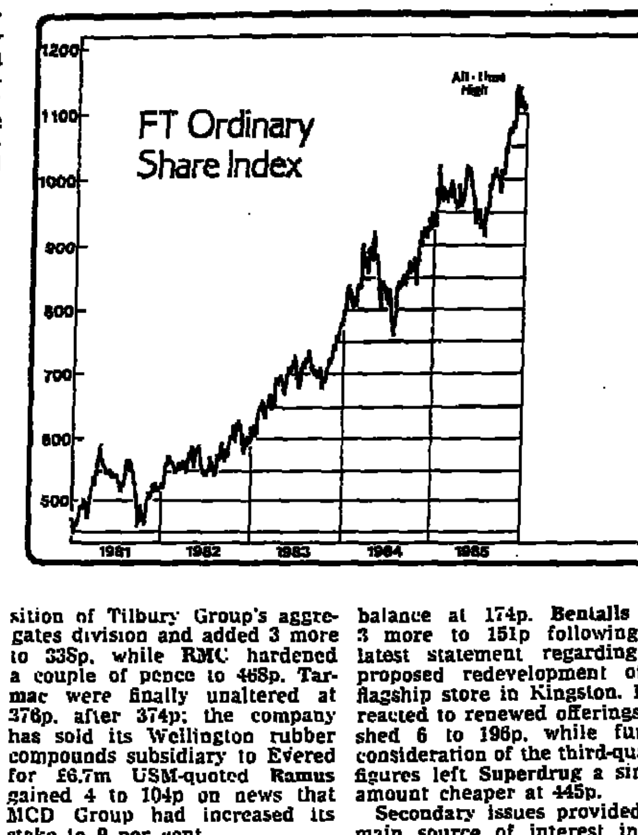
A low volume of business in share and bond markets indicated clearly yesterday that investment activity was winding down ahead of the Christmas holiday. "New-time" demand for the extended trading Account beginning on Monday was negligible, being inhibited by the closure of the London Stock Exchange from noon on Tuesday until 9.30 pm on Friday. Thus any chance leading stocks had of following up the good previous two-day advance soon evaporated.

The stabilising effects of the latest Bank of England quarterly bulletin and the OECD optimistic view of the world economy wore off and the market looked to the retail stores sector for a guide. Publication of the November CBI/FT survey of distributive trades, which was highly favourable, made little impression on this recently buoyant area. Takeover speculation, rife a few weeks ago after news of the proposed merger of British Home Stores and Habitat, was non-existent and the only business encountered by dealers was fresh profit-taking.

The dull trend here spread to other sectors as end-Account influences took a toll generally on blue chip issues. By 2 pm the FT Ordinary share index was down nearly 11 points but the fall appeared to be slowing. News of Wall Street's latest strength failed to revive London spirits at first. Its continuation, however, touched off a recovery which brought out demand without penalty for the new Account, permitted after the official 3.30 pm close. The upshot was that the FT index finally reduced its loss to end 6.3 lower on the day at 1108.6; over the week the index was 2.7 higher.

News that mining group RTZ had agreed to exchange its 29.9 per cent holding in Enterprise Oil for an approximate interest of 25.5 per cent in LASMO encouraged a flurry of interest in the latter on the view that RTZ would eventually make a full bid for the company. LASMO jumped 16 to 246p, after 248p, while Enterprise settled 3 better at 152p and RTZ 11 higher at 528p.

The Gilt-edged market remained a backwater, although the tone improved as sterling rallied from its overnight London closing level against the dollar. Announcement of the November trade returns caused hardly a ripple but sporadic small purchases lifted medium and longer-dated stocks ⅛. The shorts, with the exception of selected 1986-1987 maturities, remained wary of international interest rate trends and closed on an irregular note. Index-linked Gilts eased following the Bank of England's forecast of lower inflation.



Deutsche up again

Deutsche, West Germany's largest bank, continued to surge forward, rising 8 points more for a gain of 39 points on the week to £251 as investors continued to respond to the recent successful acquisition of the Flick Industrial group. Elsewhere in the Banking sector, Moorgate Mercantile, slipped a penny to 39p, but retained a rise of 6 over the five-day period as Dominion International confirmed the sale of its 11 per cent stake. The major clearing banks drifted easier in the absence of buying interest. Lloyds closed 5 off at 465p, with Midland the same amount down at 423p.

The Insurance sector was featured by Lloyds broker Bradstock which raced ahead following the excellent annual results and confident statement to close a net 23 higher at 220p, after 222p.

Norank Systems, the specialist merchandising and display systems group, staged a successful debut in the Unlisted Securities Market; the shares touched 104p before closing at 100p, a first-day premium of 10.

Breweries made modest progress although business remained disappointing. Gains of 5 were common to Bass, 655p, and Greenall Whitley, 179p, the latter aided by talk of a broker's circular in the offing. Guinness rose 4 to 294p; the preliminary results are expected around the middle of next month. Wolverhampton and Dudley, mentioned as a possible bid target for Scottish and Newcastle, attracted occasional support for the new Account and hardened a few pence more to 408p.

The Building sector displayed a couple of contrasting features. SGB reacted to 246p prior to closing a net 8 down at 248p following the decision to refer BET's bid for the company to the Monopolies Commission, but French Kier gained 11 to 263p as C. H. Beazer's offer was given the green light. The leaders encountered light selling before steadying up to close virtually unchanged. Redland remained a firm market reflecting the acquisition of Tilbury Group's aggregates division and added 3 more to 338p, while RMC hardened a couple of pence to 468p. Tarmac were finally unaltered at 376p, after 374p; the company has sold its Wellington rubber compounds subsidiary to Evered for £6.7m. USM-quoted Ramus gained 4 to 104p on news that MCD Group had increased its stake to 9 per cent.

ICI came under selling pressure as brokers W. Greenwell downgraded its profits estimate for 1985 by some £40m to £900m and the price dipped to 725p before settling a net 9 down at 732p. Elsewhere in the Chemicals sector, floor coverings concern James Halstead gained 9 to 125p as takeover rumours revived, while potential "shell" situation British Benzol attracted "new time" buying and touched 53p before closing 4 higher at 51p.

Stores dull

Despite the encouraging tenor of the latest CBI/FT survey of distributive trades, leading Retailers gave fresh ground as investors re-adopted their recent cautious outlook. Double-figure falls were recorded by Woolworth, 510p, and Gussies A, 817p, while fading hopes of a counter to the proposed merger with Habitat Mothercare left British Home Stores 6 lower for a fall on the week of 40 to 330p. Marks and Spencer traded nervously amid talk of an impending rights issue and dipped to 170p before settling only 3 lower on balance at 174p. Bentalls rose 3 more to 151p following the latest statement regarding the proposed redevelopment of its flagship store in Kingston. Elam reacted to renewed offerings and shed 6 to 196p, while further consideration of the third-quarter figures left Superdrug a similar amount cheaper at 445p.

Secondary issues provided the main source of interest in the Electrical sector. Oceanics became a volatile market following the half-year figures and proposed sale of Comap owing to a further deterioration in the offshore oil and gas industry; the shares dipped to 22 at one stage, but subsequently rallied to close a penny better on balance at 31p. The bigger interim loss left Zygal Dynamics 4 lower at 16p, but Nicro Business improved 5 to 65 following the announcement of management changes, the sale of MBS Technirent and the annual profits forecast. The none too encouraging annual statement prompted a loss of 3 to 39p in Prestwick, but Kode continued firmly on recovery prospects and put on 5 more to 93p. Among the leaders, GEC gave up 4 to 166p and Plessey eased a couple of pence to 174p.

Among Engineers, Spencer Clark improved 5 to 136p on the agreed offer from Williams Holdings; the latter eased 6 to 371p. Elsewhere, Chemring rose 10 to 600p, but McKenzie, in which Williams Holdings recently acquired a stake, eased 4 to 184p. Porter Chadburn ended 3 firmer at 258p, after 247p, on the return to profitable trading at the half-way mark and interim dividend payment, but GM Firth ended a couple of pence cheaper at 67p after the interim figures. Westland drifted back a couple of pence to 73p awaiting the expected European bid.

A negative session in Foods was enlivened late in the day when buyers came for two situation issues. United Biscuits, a dull market recently on fears that the proposed merger with Imperial Group would not proceed following Hanson Trust's intervention, fell to 234p before moving ahead after-hours to close a net 4 up at 241p. Elsewhere, Argyll Group, currently bidding for Distillers, finished 3 better at 325p, after 317p on the view that the shares were oversold. Albert Fisher continued to attract support and rose 9 to a 1985 peak of 140p, while Glass Glover firmed 5 to 228p in a restricted market.

Comment on the excellent annual results and scrip issue proposal directed further support to Grand Metropolitan which rose to 405p before profit-taking left the close 5 higher on balance at 395p, a two-day advance of 30. Garfunkels improved 3 to 128p helped by publicity given to a broker's circular, while Norfolk Capital gained 1¼ to 24¼ largely on the efforts of a single buyer.

English China advance

English China Clays, recently talked of as a possible bid target for Tarmac, met with a revival of speculative buying and pushed ahead to close 11 higher at 287p. Berisfords, in contrast, fell 5 to 85p on sharply lower interim profits, while the reduced dividend and annual loss left Charles Baynes 4 cheaper at 25p. Lower annual earnings prompted a fall of 1¾ to 14 in Hawtin. Buying was again forthcoming for Unigroup which gained 5 more to 92p, while "shell" situation Cannon Street Investments put on 7 to 85p. Sterling Industries responded afresh to the interim figures with a further rise of 5 to 100p, but Valor, the subject of speculative activity over the past few days, ran back 7 to 222p. Marley eased 3 to 103p on fading bid hopes, while Widney eased 2 more to 39p following the preliminary figures. Among the miscellaneous indsutrial leaders, Reckitt and Colman edged up 5 further to to 623p following the results from its Australian subsidiary, while Unilever, still reflecting a broker's recommendation, improved ¼ more to £13¼p. Beecham ended a penny firmer at 336p after inclining easier initially.

Sharply higher in Thursday's late dealings on takeover speculation, Barr and Wallace Arnold A advanced afresh to 146p before profit-taking left the close a penny cheaper on balance at 140p.

Associated Newspapers, which recently gained full control of the London Standard via the purchase of Trafalgar House's 50 per cent interest, eased 10 more to 910p for a loss of 65 on the week.

Exco International were a pronounced dull feature, closing 27 lower at 203p, after 199p, as takeover prospects diminished following the agreement with minority shareholder Tan Sri Khoo Teck Puat. Elsewhere in Financials, Mercantile House touched 310p in immediate response to the confirmation of the sale of its 82 per cent stake in Oppenheimer, its New York stockbroking operation, for $150m, but subsequent scattered selling left the close 2 off on balance at 300p.

The week's second major deal in the oil sector—RTZ is to swap its 29.9 per cent interest in Enterprise Oil for an appropriate holding of 25.5 per cent in LASMO—encouraged strong interest in both leading and secondary oil issues. The news boosted LASMO 16 to 246p, while Enterprise Oil hardened 3 to 152p. Other leading oils drew strength from the latest firm showing by oil prices which gained ground following the spate of bad weather in North America. Shell attracted support from both London and overseas and ended the session a net 7 to the good at 658p.

Overseas Traders highlighted Lonrho which attracted another lively Traded Options business amid vague talk of a bid from Heron Corporation and advanced 5 for a two-day gain of 12 to a 1985 peak of 199p.

A further deterioration in the Financial Rand outweighed a steady performance by the bullion price and encouraged persistent small selling of South African Golds by Johannesburg operators. Rand selling pressure was quickly reflected by Continental operators and Golds consequently drifted easier throughout the session to close with widespread losses.

The Gold Mines index dropped 7 points to 254.4, leaving the index some 6 points lower over the week while the gold price settled a net 25 cents firmer on balance at $326 an ounce—a rise of $7.5 over the week. Bullion's good showing reflected talk that a major US trading house has been an aggressive buyer of bullion for delivery in the New Year.

Among the leaders, Vaal Reefs attracted bear closing and moved up ⅝ to £41⅝ but the remaining stocks were left with falls in the region of ¼ to ⅜ at most.

In Financials De Beers gave up 3 to 305p, despite an aggressive buyer from the Cape.

Traded options

Subdued trading in the underlying securities was reflected in Traded Options which attracted 11,053 contracts comprising 8,876 calls and 2,177 puts. However, Marks and Spencer were particularly lively with 1,556 calls done, the majority of which were transacted in the January 180s. Lonrho were again active with 1,122 calls struck reflecting rumours of a bid from Mr Gerald Ronson's Heron Corporation. Lasmo contributed 1,024 calls following the deal with RTZ.

FINANCIAL TIMES STOCK INDICES

	Dec. 20	Dec. 19	Dec. 18	Dec. 17	Dec. 16	Dec. 13	year ago
Government Secs....	82.85	82.85	82.70	82.91	82.85	83.15	81.96
Fixed Interest........	88.75	88.72	88.68	88.86	88.85	89.06	85.56
Ordinary ♥	1108.6	1114.9	1104.6	1089.9	1100.5	1105.9	924.3
Gold Mines	254.4	256.4	250.1	259.8	257.5	260.3	469.1
Ord. Div. Yield	4.48	4.46	4.50	4.56	4.53	4.51	4.65
Earnings, Yld. %(full)	11.15	11.08	11.18	11.32	11.25	11.19	11.83
P/E Ratio (net) (*)....	11.07	11.14	11.04	10.90	10.99	11.03	10.15
Total bargains (Est.	22,845	20,213	20,780	21,513	21,170	23,083	29,918
Equity turnover £m.	—	476.37	411.63	475.87	338.13	455.17	474.75
Equity bargains......	—	19,323	17,914	18,167	18,491	19,595	23,421
Shares traded (ml)..	—	237.8	224.1	254.9	170.5	226.8	238.5

♥ 10 am 1111.2. 11 am 1108.7. Noon 1105.6. 1 pm 1105.0. 2 pm 1104.0. 3 pm 1104.9. 4 pm 1105.8.

Day's High 1113.9. Day's Low 1103.9.

Basis 100 Government Securities 15/10/26. Fixed Interest 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

* Nil = 10.66.

HIGHS AND LOWS

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	84.57 (18/10)	78.02 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	90.58 (25/10)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary...	1146.9 (25/11)	911.0 (25/7)	1146.9 (25/11/85)	49.4 (26/6/40)
Gold Mines	556.9 (15/4)	217.6 (5/11)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY INDICES

	Dec. 19	Dec. 18
Daily		
Gilt Edged Bargains....	111.8	113.5
Equities Bargains....	125.2	116.1
Value........	962.9	832.0
5 day Average		
Gilt Edged Bargains....	122.5	128.4
Equities Bargains....	121.1	120.7
Value........	872.0	872.9

TRADITIONAL OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Dec 16	Jan 3	Mar 26	Apr 7
Jan 6	Jan 17	Apr 10	Apr 21
Jan 20	Jan 31	Apr 24	May 6

For rate indications see end of Unit Trust Service

Stocks favoured for the call included TI, Polly Peck, Energy Capital, SelecTV, Sound Diffusion, STC, Bentalls, Bestwood, United Biscuits, Southwest Resources, North Kalgurli and New London Oil. A put was taken out in STC, while a double was struck in Polly Peck.

LEADERS AND LAGGARDS

Percentage changes since December 31, 1984, based on Thursday, December 19, 1985

Metals and Metal Forming	+43.83	Financial Group	+17.84
Motors	+41.15	Food Manufacturing	+16.56
Stores	+37.82	Other Groups	+15.53
Shipping and Transport	+37.36	Mechanical Engineering	+15.09
Brewers and Distillers	+34.80	Industrial Group	+14.79
Office Equipment	+34.35	All-Share Index	+13.44
Insurance (Life)	+33.52	500 Share Index	+13.10
Insurance (Composite)	+28.20	Investment Trusts	+12.47
Merchant Banks	+26.37	Insurance Brokers	+12.44
Textiles	+25.98	Leisure	+ 8.27
Telephone Networks	+25.44	Property	+ 4.12
Packaging and Paper	+24.60	Oils	+ 3.84
Newspapers, Publishing	+24.45	Chemicals	+ 1.08
Contracting, Construction	+23.05	Capital Goods	+ 1.60
Consumer Group	+22.22	Tobaccos	− 0.84
Building Materials	+21.28	Electricals	− 4.70
Other Industrial Materials	+19.30	Overseas Traders	− 6.15
Banks	+18.76	Mining Finance	−10.80
Food Retailing	+18.44	Electronics	−27.31
Health and H'sehld Products	+18.44	Gold Mines Index	−46.47

RISES AND FALLS YESTERDAY

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	44	19	46	259	136	150
Corporations, Dom. and Foreign Bonds	12	4	65	45	53	304
Industrials	253	365	875	1,281	1,641	4,548
Financial and Properties	82	125	356	508	508	1,801
Oils	26	25	76	116	118	396
Plantations	5	1	12	21	5	64
Mines	18	58	104	150	224	518
Others	45	92	107	390	328	542
Totals	485	689	1,640	2,783	3,013	8,323

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

Year-end changes in FT-Actuaries indices

At the year-end review of the FT-Actuaries indices, it was decided to reverse the order of displaying the Telephone Networks and Miscellaneous subsectors within the series. As a result, the former will be renumbered 47 and the latter becomes 48. Newspapers, Publishing (32) is to be retitled Publihing and Printing, while the Oil ection (51) will be renamed Oil and Gas.

New year reclassifications are planned for 17 companies currently included in group 46 (Miscellaneous). Ferguson Industrial Holdings, Low and Bonar and Macfarlane Group (Clansman) all move to group 33 (Packaging and Paper). Camellia Investments and Pentland Industries both move to 70 (Other Financial), LCP Holdings and Pentos to 34 (Stores), Hargreaves Group and Powell Duffryn to 45 (Shipping and Transport) and Hunting Associated Industries and Portals Holdings to 6 (Mechanical Engineering). Crest Nicholson will be transferred to 3 (Contracting, Construction), while De La Rue go to 32 (Publishing and Printing), Duport to 42 (Chemicals), Eastern Produce to 91 (Overseas Traders), London and Midland Industries to 10 (Other Industrial Materials) and Sidlaw Group to 51 (Oil and Gas).

Other index reclassifications are Reed International, from subsection 33 to 32, Standard and Chartered, from 70 to 62, Steetley, from 10 to 2, F. H. Tomkins, from 6 to 10, and Tozer Kemsley and Millbourn, from 91 to 9.

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (42)

BRITISH FUNDS (2) Exch 2½pc 1986, Treas 2pc 1987. LOANS (1) Agricultural Mort 5pc 1959-89. BANKS (4) Algemene Bank Ned'd, Copenhagen Handelsbank, Deutsche Bank, Compagnie Bancaire. BUILDINGS (2) Meyer Intl, Wilson (Connolly). CHEMICALS (3) Akzo, Halstead (J.), Snia BPD. ENGINEERING (5) Castings, Spear & Jackson, Tex Hldgs, W. A. Hldgs, Wagon Indl. FOODS (2) Fisher (A.), Wessanen (Kon). INDUSTRIALS (8) Duport, Photo-Me, Reckitt & Colman, Stainless Metalcraft, Sterling Inds, Unigroup, Unilever, Unilever NV. INSURANCE (2) Allianz AG, Bradstock. LEISURE (2) Barr & WAT 'A', Fairline Boats. PAPER (1) Assoc Paper. PROPERTY (1) Trencherwood. TRUSTS (7) English & Dutch Inv, Hill (Philip), Jove Inv Inc, Robeco Sub Shs, Rolinco Sub Shs, US Debenture Corp, NMC Invs. OVERSEAS TRADERS (2) Lonrho, Nesco Invs.

NEW LOWS (32)

BRITISH FUNDS (3) Treas 2½pc IL 2009, Treas 2½pc IL 2013, Treas 2½pc IL 2016. CANADIANS (1) Abbot Energy Corp. BUILDINGS (1) Brownlee. STORES (1) French Connection. ELECTRICALS (5) Compsoft, Norbain Elects, Oceonics, Prestwick, Webber Electro. INDUSTRIALS (5) Baynes (Charles), Bespak, Fertil-A-Chron, Kershaw (A.), Securiguard. LEISURE (2) Juliana's, Selec TV. NEWSPAPERS (1) Trinity Intl. PAPER (4) ATA Selection, Chapman Inds, Good Relations, Peters (Michael). PROPERTY (1) Lend Lease. OILS (5) Crusader Oil, ERIC, Firstland Oil, LASMO 'Ops', Petranol. MINES (3) Eastern Petrol Aust., Haoma NW, Kitchener Mining NL.

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Barr & Wat "A"	140	− 1	Exco Intl.	203	−27
Boots	258	− 1	Hawtin	14	− 1¾
Brit. Benzol	51	+ 4	Marks & Spencer	174	− 3
Eng. China Clays	287	+13	Petranol	80	− 5
Enterprise Oil	152	+ 3	Utd. Biscuits	241	+ 4
Euro. Ferries	145	− 2	Williams Hldgs.	371	− 6

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Thurs. close	Day's change	Stock	No. of changes	Thurs. close	Day's change
Beecham	24	335	+ 5	Lexicon	18	125	—
Dixons Group	24	890	+28	Tricentrol	18	138	+ 8
Tilbury	22	146	+ 8	BAT Inds.	17	310	+ 5
Aspinall	20	161	+ 5	Chemring	17	590	—
Apricot Comps.	18	69	+13	Barham Group	16	122	—
Grand Met.	18	390	+25	Moorgate Merc.	16	40	+ 0½

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday

Stock	No. of changes	Last Thurs. close	Change on week	Stock	No. of changes	Last Thurs. close	Change on week
Boots	101	259	+10	BTR	76	370	+12
Beecham	96	335	− 1	Logica	74	162	+20
ICI	90	741	+ 8	Glaxo	71	£15⅝	+ 0¼
Brit. Home Strs	87	336	−42	Grand. Met	71	390	+32
BAT Inds.	82	310	+15	Imperial Group	70	262	—
Dixons Group	79	890	+12	Trafalgar Hse.	70	336	−10

S E DEALINGS

[illegible]

STOCK EXCHANGE DEALINGS

Details of business done shown below have been taken with consent from without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded Thursday's with the relevant data.

‡ Bargains at special prices. ¢ Bargains done the previous day. Δ Bargains

N—O—P

NCR 8½pcLn 1995-98 £77½ (17/12)
NSS Newsagents 9pcPf (£1) 109 11½. 10pcLn 1990-2000 £135 (16/12)
Newman Industries 10pcPf (£1) (Restricted Rights) 67 (17/12). 10½pcLn 1996-98 £80½ (16/12)
News International 8pc2ndPf (£1) 63. 7¾pc Db 1985-90 £86¾ (17/12)
Norcors 5pcPf (£1) 61½ (17/12)
Normans Group 5pcPf (£1) 43 (16/12). 8¾pcLn 1999-2004 £100
Norsk Data AS B (NK20) $512 51.9 (13/12)
North British Steel Group 15½ 6 7 ½
North Midland Construction (10p) 42 4 (18/12)
Northern Engineering 7pcLn 2000-05 £69 (18/12)

Oceonics Grp 10¼pcPf 1993 (£1) 105 (18/12)
Oliver (George) (Footwear) 350 (18/12)
Oriflame Int (£1) (Reg Lux) 510 (13/12)
Owen Owen 7¼pcLn 1986-93 £73‡ (17/12)

Pall Corp ($0.25) £29¼ (18/12)
Parkland Textile 135. 4.2pcPf (£1) 45 (17/12)
Paterson Zochonis 10pcPf (£1) 116 (17/12)
Pavilion Leisure (10p) ...
Pearson 5½pcLn 1988-93 £66‡ (17/12). 6¾pcLn 1988-93 £70‡ (18/12). ...pcLn 1988-93 £82½ (16/12). 10½pcLn 2001-2005 £94 6 (16/12). 10½pcLn 1993-98 £94 ¼ (17/12). 10½pcLn 1993-98 £220 (18/12)
Pentos Ord (20p) 105. 13½pcLn 1990 (Series A) £113 (13/12)
Peugeot Talbot Motor 5½pcDb 1984-89 £51½ 2 (16/12)
[illegible]
Pittard Group 9½pcPf (£1) 108½ (13/12)
Platignum 6pcPf (50p) 23 (17/12)
Plessey 7¼pcDb 1992-97 £76¼
Polly Peck Intntl 6pcCnvPf (£1) 75 (18/12)

Portals Hldgs 9½pcCnv 1994-2000 £153½
Portsmouth & Sunderland Newspapers 10.5pc2ndPf (£1) 124 (16/12)
Powell Duffryn 4¾pcPf (50p). 6¼pcDb 1984-89 £88½ (17/12). 1987-92 £79 (16/12)
Pratt (F.) Engineering Corpn 7¼pcLn
Press Tools (10p) 60

Q—R—S

Queens Moat Houses 10½pcCnvLn 1989-91 £242 5
Quick (H. & J.) Gp10pcPf (£1) 102½ (17/12)

R.E.A.Hldgs12pcCnvLn 2000 £84

[illegible]

W—Y—Z

Waddington (John) 8pcPf (£1) 59
Wade Potteries 4.2pcPf (50p) 25 (17/12). 10pcPf (£1) 86
Walker and Staff Hldgs (5p) 49
Walker (Thomas) (5p) 31 2 4
Oy Wartsila AB (FM60) £17½0
Watson (R. Kelvin) 10.5pcPf (£1) 99
Wellman 10pcPf (£1) 85
West Bromwich Spring 11.5pcPf (£1) 37 (16/12)
Western Motor Hldgs A 55 7
Westland 7¾pcDb 1987-92 £86¼ 7. 12½pcDb 2008 £107 ...
Westwood Dawes B (12½p) 41 (13/12)
Whitecroft 4.1pcPf (£1) 51 (17/12)
Wigney 7pcPf (£1) 49
Wigfalls 7pcPf (£1) 107 (16/12)
Williams Hldgs 10½pcPf (£1) 116½ (16/12). 5pcPf (£1) 162
Wire and Plastic Products (10p) 289 90 3 5 6
Wood (Arthur) and Son (Longport) 7½pcPf (£1) 53 (16/12)
Woolcombers (Hldgs) 7½pcPf (£1) 52 (16/12). 6pcPf (£1) 40‡ (16/12)

York Trailer Hldgs 10pcPf (£1) 133 (16/12)
Yorkshire Chemicals 12½pcLn 1987-92 £107

FINANCIAL TRUSTS

Ayroyd and Smithers 545. 515 (16/12)
American Express Co ($0.60) $53¼
Baillie Gifford Technology Wts to sub 26 (16/12)
Berkeley Technology ($0.05) 105 7 9
Birmingham and Dist Inv 4½pcPf (£1) 40 ‡ (18/12)
Britannia Arrow Hldgs 39‡. 6¾pcPf (£1) (17/12). 9pcLn 1995-2000 £141 ½ 2 3
Continental Assets (75p) 50. Wts to sub 31 ‡ (18/12)
Daily Mail and General (50p) £13½. 5pcPf (50p) 20 (18/12)
F and C Enterprise Wts to sub 4. Wts to sub 7½
First National Finance 9½pcLn 1992 £89
First National Secs (Hldgs) 12½pcLn 1987 £438 (18/12)
Genanance 11.49pc 2007 £93¼
Highcroft Inv Tst 133 4 (18/12)
Hunting Grp 4.2pcPf (£1) 42 (16/12)
Inchcape 5¼pcPf 1990-92 (£1) 70 (13/12). 8½pcPf 1990-92 (£1) 80. 8pcLn 1987-90 £89. 10½pcLn 1990-95 £96 (17/12). 12½pcLn 1993-98 £107¼ (18/12)
International City Hldgs 175 8 80. New 175 6 7 8 80
International Inv Tst Co of Jersey Ld Units 100
Kellock Tst Pf (5p) 25 (18/12)
London and European Grp 10½pcLn 1993 £82
Mercantile House Hldgs Ln 1984-89 £99¼ (18/12)

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UNIT TRUSTS

M&G Gold & Gen Fund Accum Units 34
M&G Interntl Income Fund Inc Units 51½

MINES—MISCELLANEOUS

Anglo American Invest Trust (R0.50) £32 (16/12)
Anglo United Developmt Cpn Com Shs of NPV (Canadian Reg) 36 7 ½ 8
Bisichi Tin (10p) 15½
Botswana RST (Pu2) 10 1 (18/12)
Consolidated Gold Fields 6½pcLn 1987-92 £78 (18/12). 7¼pcLn 1999-2004 £72¼. 8¼pcLn 1988-93 £83¼
De Beers Consolidated Mines 8pc2ndPf (R1) 5 (17/12)
El Oro Mining & Explrtn. (10p) 127
Mhangura Copper ($Z1) 5
Minerals Resources Cpn ($D1.40) 545 50 60 5
North Kalgurli Mines Option to sub for 1 share 19½ 21‡
Rio Tinto-Zinc Cpn. (Br) (Cpn 53) 522 5. Accums 520‡. 6¼pcLn 1985-90 £82¼
Zambia Consolidated Copper B (K10) 50 (17/12)

MINES—SOUTH AFRICAN

Coronation Syndicate (R0.25) 35 (17/12)
General Mining Union Cpn 12.5pcCnvDebs (Irrd) (R27) £6 (13/12)
Middle Witwatersrand (W. Areas) 8pcPf (R1) 5 (17/12)
New Central Witwatersrand Areas (R0.50) 540 50
New Kleinfortein Prop. (R0.25) 75

OIL

Bristol Oil Minerals 10pc2ndPf 20 1 (13/12)
British Petroleum 9pc2ndPrf (£1) 76½
Burmah Oil 7¼pcPf (£1) 61½ (18/12). 8pc Pf (£1) 69 (18/12). 7½pcLn 1981-86 £86¼
Century Oils Group 5.25pcPf (£1) 58 (17/12)
ELF UK 12¼pcLn 1991 (Reg) £108 (18/12)
Great Western Resources Shs of Com Stk 115 20
Intl. Atlantis Resources Com Shs of NPV 55
New Court Natural Resources Wrts to sub for Ord 4 5
Occidental Petroleum Cpn ($0.20) £23.2
Royal Dutch Petroleum (FL10) (Reg) £42¼ (17/12)
Shell Transport Trading 5½pc1stPf (£1) 45 (16/12). 7pc2ndPf (£1) 62 (18/12)
Texaco Intl Financial Cpn 4¾pcLn 1981-1999 £56 (18/12)

PROPERTY

Alliance Prop Hldgs 9½pcDb 1992-97 £89
Allied London Props. 10¼pc1stDb 2025 (£25 pd—6-3-86) £24 (18/12)
Allnatt London Props. 6¾pc1stDb 1986-1989 £89½ (13/12)
Argyle Securities 12pcDb 1993-98 £105
Bampton Prop. Group 7¾pcLn 1991-96 £70 (17/12)
Boscombe Prop. 5pc1stPf (£1) 36 (16/12)
Bradford Prop Trust 10½pcPf (£1) 120 (16/12)
British Land 15pc1stDb 1987 £107 (18/12)
Capital Counties 6¾pc1stDb 1994-99 £70 (17/12). 9¾pcLn 1991-96 £89¼
Churchbury Estates 4.2pcPf (£1) 45 6 (17/12)
Colman (E.Alec) Invest 8¾pc1stDb 1986-1991 £82 92¾‡ 3
County Prop Group 5.6pcPf (10p) 5 (13/12)
Evans of Leeds 11pc1stDb 2025 (£25pd—31-1-86) £25½ ¾ 6 (17/12)
Gable House Props 10¾pcLn 1995-99 £154 (17/12)
Green Prop (Ir£0.25) 70 3
Greycoat Group 12.85pcLn 1990-92 £106¼ (17/12)
Hammerson Prop Inv Dev Cpn 475
Haslemere Estates 10½pcLn 1stDb 2016 £24¾ (17/12). 9pcLn 2001-06 £130 (18/12). 9½pcLn 1990-95 £214½‡ 5‡ (18/12)

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Swindon Private Hospital (£1) 120 (16/12)
TMD Advertising Hldgs (5p) 119 20. New (5p) (fp) 117 (18/12)
Technical Component Inds New (fp) 195 8 200
Technology for Business 7pcPf (£1) 103 5
United Friendly Insurance B (res vtg) (10p) 420 (13/12)
West Yorkshire Independent Hospital (50p) 83 (13/12). New (50p) (fp) 87
World of Leather (10p) 162 3 5 7. New (10p) (fp) 167

SPECIAL LIST

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List

AOG Minerals 6 (18/12)
Agnico-Eagle Mines £10¼ (16/12)
Ahold NV £18½0 (16/12)
American Can £42½0
American Home Prods £45
Amoco £42¼0
Ampol 1000
Ampol Exploration 1190 (18/12)
Amsterdam-Rotterdam Bk £25¾ Fl 105½
Anglo-Alpha 135 (18/12)
APM Ord 134
Ashton Mining 49½ (18/12)
Assoc Manganese Mines SA £27½0 (12/12)
Atlantic Richfield £43¼ (17/12)
Aust Foundation Inv 97
Aust Guarantee Corp 114 (18/12)
Aust Nat Inds 1180 (13/12)
Aust Oil Gas 64 (18/12)
Basic Res Bahamas 80 5
Bayerische Motoren Werke £159¼0 (18/12)
Beatrice Cos Inc £31¼ (17/12)
Bell Grp 570 (13/12)
Blue Circle Southern Cement 107 (16/12)
Boral 145 (16/12)
BP Canada £14 (17/12)
Brisa Intnl 637½ (18/12)
Bristol-Myers £47½ (18/12)
CSF (Thomson CSF) FFr 715 (17/12)
Canada North-West (Aust) Oil 6½
Cape Range Oil 2 (13/12)
Carrefour £2680 FFr 2,9000
Central Kalgoorlie Gold (A$0.25) 14 ½ (16/12)
Central Norseman Gold 275 (18/12)
Central Victorian Gold 2 (16/12)
Cheung Kong Hldgs 186 (18/12)

[illegible]

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

[illegible]

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

[illegible]

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FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
80 Holdenhurst Rd, Bournemouth 0345 717373

	Bid Price	Offer Price	+ or −	Yield Gross
High Income				
Gilts & Fixed Int.	109.8	116.1	+0.2	10.34
High Inc Equity	76.7	81.5	+0.2	6.07
Worldwide Bond	160.2	171.4	−0.1	5.65
Capital Growth				
American Growth	141.6	150.6	+0.3	2.35
Asian Pacific	44.4	48.0	—	2.60
Assets & Ergs. Tt.	79.8	85.3	−0.2	1.71
Capital Reserve	60.7	61.0		
Commodity & Engy	64.0	68.8	−0.1	1.74
European Capital	63.9	67.9	+0.1	2.21
General	117.2	125.3	−0.2	3.39

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Brown Shipley & Co Ltd (a)(g)
9-17 Perrymount Rd, Haywards Hth 0444 458144

B.S. Fund	89.9	93.4	....	4.32
B.S. Accum	82.2	88.0	.	4.32
Financial	106.6	113.6	....	2.18
German	26.8	28.4	....	2.00
Growth Accum	152.0	163.5		—
Growth Income	97.3	104.7	....	2.04
High Income	52.9	54.9	....	7.12
Income	61.3	65.9	....	5.95
North American	51.9	55.9	....	1.27
Orient	51.6	55.3	....	0.20
Recovery	28.0	30.2	....	3.36
Technology	120.0	129.1	....	0.65

Buckmaster Management Co Ltd (a) (c)
The Stock Exchange, London EC2P 2JT 01-588 2868

General Inc Dec 19	174.0	185.1	....	4.20
Accum Units Dec 12	274.1	288.3	—	4.20
Income Dec 18	81.3	84.9	—	6.40
(Accum Units) Dec 18	139.6	145.7	....	6.40
International Dec 17	104.2	108.7	....	2.60
(Accum Units) Dec 17	136.6	142.5		2.60
Smaller Co's Dec 13	873.1	926.5	+4.7	2.30
(Accum Units) Dec 13	916.0	981.5	+5.0	2.30

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Gartmore Fund Managers (a) (c) (g)
2 St Mary Axe, London EC3A 8BP 01-623 1212
Dealing only 01-623 5766/5806

American Trust	81.6	86.9	−1.1	0.00
Australian Trust	17.7	18.8	+0.3	0.46
British Tst. (Accum)	47.2	50.3	+0.1	2.42
Do. (Dist.)	42.2	44.9	+0.4	2.42
Commodity Share	55.7	59.3	+5.1	1.29
European Trust	38.2	40.7	+0.3	0.81
Extra Income	38.9	41.4	+0.2	6.14
Far East Trust	87.1	92.6		0.46
Fixed Int Tst	25.0	26.7	−0.1	10.35
Gilt Trust	24.8	25.9		10.23
Global Fd.	120.7	137.0	+0.4	0.45
Global Fd (Dist)	122.9	130.8	0.45	
Gold Share Trust (z)	11.7	12.5	+0.1	2.36
Hedged American (z)	25.7	27.5		0.1
High Income Tst	112.2	119.4	+0.4	5.72
Hong Kong Trust	27.4	29.1		0.86
Income Fund	57.6	61.3	+0.2	4.03
Insur Agencies Tst	38.67	41.71	−0.21	2.66
Japan Trust	88.3	93.9	+0.1	0.02
Managed Exempt Fd	223.6	233.0	+0.7	3.88
Oil & Energy Trust	34.7	37.0	+0.3	0.97
Special Sits. Tst	76.5	81.4	+0.2	1.59

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Legal & General (Unit Tst. Mngrs.) Ltd
5 Rayleigh Rd, Brentwood 0277 234634

Equity Dis.	228.0	243.9	−0.2	3.08
Equity Acc.	352.8	377.3	−0.4	3.28
Equity Income	50.4	53.9		5.57
European	55.3	58.9		2.12
Far Eastern	52.8	56.5	−0.3	0.88
Gilt	69.5	73.3		6.40
Int. Managed	61.2	65.5	−0.1	2.03
Natural Resources	47.3	50.6	+0.1	3.95
North American	65.4	69.9	+0.6	2.15
UK Special Sits.	49.6	53.0	−0.1	3.77

Leonine Administration Ltd
20 Copthall Ave, London EC2R 7JS 01-600 7595

Leo Distribution	210.9	229.8	....	0.01
Leo Accum	265.5	278.7	..	0.02

Lloyds Bk. Unit Tst. Mngrs. Ltd (a)
Registrar's Dept, Goring-by-Sea, Worthing, W Sussex 0903 502541 Dealing 0444 459144

Balanced	153.8	164.4	+1.0	3.55
Do. (Accum.)	270.7	289.5	+1.8	3.55

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CONTINUED OVERLEAF

AUTHORISED UNIT TRUSTS & INSURANCES

Oppenheimer Fund Mngt Ltd
66 Cannon St, London EC4N 6AE — Dlg. 01-236 3885

International Growth	108.9	116.0	+0.9	1.30
Income & Growth	43.7	46.5	-0.4	2.8
Special Situations	58.4	62.2xd	+0.7	1.20
American Growth	28.7	30.5		1.50
Japan Growth	35.9	38.2xd	-0.3	—
European Growth	47.3	50.6	-0.2	2.50
UK Growth	43.5	46.5xd	+0.1	1.6
Pacific Growth	33.0	35.3xd	+0.1	2.0
High Income	29.9	32.0	+0.3	7.6
Practical Income Units	43.9	46.7	-0.1	2.70
Practical Accum. Units	79.0	84.1	-0.1	2.70

Pearl Trust Managers Ltd (a)(g)
252 High Holborn, WC1V 7EB — 01-405 8441

Pearl Growth Fd.	69.9	74.4	..	2.87
Accum Units	103.4	110.0		2.87
Pearl Inc.	95.5	101.6	+0.1	4.86
Pearl Unit Tst.	101.4	107.9xd	-0.1	3.82
(Accum. Units)	173.8	184.9		3.82
Pearl Intl Equity	99.1	105.4	-0.2	1.90
(Accum Units)	99.1	105.4	...	1.90

Perpetual Unit Trust Mngmt. (a)
48 Hart Street, Henley on Thames — 0491 576868

International Growth	215.1	230.9	+0.6	1.43
Income	151.4	162.1	+0.1	5.36
Worldwide Recovery	119.1	127.8	+0.1	2.13
American Growth	60.7	65.2		1.08
Intl. Emerging Cos.	64.2	68.9	+0.3	0.73
Far East Growth Fd.	53.8	57.8	-0.6	1.14

Prolific Unit Trusts
222 Bishopsgate, London EC2 — 01-247 7544/7

Prolific American Inc.	50.4	53.6	-0.1	4.94
Prolific Far East	113.6	122.1	-0.9	0.28
Prolific Extra Inc	65.7	69.7xd	+0.1	5.90
Prolific Convert & Gilt	82.0	87.0xd	+0.1	7.24
Prolific High Inc	140.0	148.5xd		5.17
Prolific Intl.	89.7	96.4	-0.1	1.85
Prolific N. Amer.	118.4	127.3	-0.5	2.15
Prolific Spec. Sits	153.3	162.6xd	+0.4	1.49
Prolific Technology	102.3	110.0xd	-0.3	0.57

Providence Capitol Fd. Mgrs. Ltd
30 Uxbridge Road, London W12 8PG — 01-749 9111

Japan Inc	54.9	58.1	-0.4	0.00
Japan Acc.	54.9	58.2	-0.5	0.00
Worldwide Inc	55.6	58.9	+0.1	1.67
Worldwide Acc.	56.2	59.5	+0.2	1.67
European Tst Inc	66.4	70.3xd	+0.2	0.77
European Tst Acc.	66.6	70.5xd	+0.2	0.77
North American Inc.	52.0	55.1	-0.3	1.74
North American Acc.	52.0	55.1	-0.3	1.74
UK Equity Inc	54.2	57.4xd	+0.1	2.86
UK Equity Acc.	55.4	58.7xd		2.86

Provident Mutual Unit Trust Managers Ltd.
25-31 Moorgate, London, EC2R 6BA. — 01-588 3963

PM Equity Growth	—	50.0	.	2.50
PM Income & Gwth	—	50.0	.	5.50

Prudential Unit Trust Mngrs Ltd (a) (b) (c)
51-69 Ilford Hill, Ilford, Essex IG1 2DL — 01-478 3377

Holborn Equity Tst	340.1	361.8	-0.8	3.61
Holborn European Trust	61.5	65.4	+0.3	0.85
Holborn Gilt Tst.	157.0	164.4	+0.1	7.99
Holborn High Inc	55.3	58.8xd	.	7.19
Holborn Intl Growth	75.2	79.9		0.65
Holborn Japanese Trust	58.3	62.0	-0.4	0.05
Holborn N. Amer. Trust	56.4	60.0		2.04
Holborn Spec Sits	49.5	52.6	.	2.39
Holborn UK Growth	67.8	72.1	-0.1	2.71

Quilter Management Co Ltd
31-45 Gresham Street, London EC2 — 01-600 4177

Quadrant Gen. Fd	348.2	370.5	+0.1	3.62
Quadrant Income	191.7	204.1	-1.0	5.15
Quadrant Intl. Fund	321.5	340.6		1.40
Quadrant Spec. Sits	209.7	223.1	+1.8	3.34

Reed Stenhouse Inv Services Ltd
145 Borough High St, London SE1 1NY — 01-628 6011

Wellington Inc.	53.4	56.8	.	7.16
Wellington Growth	112.9	120.1	..	3.00

Reliance Unit Mgrs. Ltd
Reliance House, Tunbridge Wells, Kent — 0892 22271

British Life	140.1	150.7	+0.3	3.76
Reliance Unit Tst (Inc)	90.3	96.5	..	3.24
Reliance Ut Tst (Acc)	118.5	126.6	..	3.24

Ridgefield Management Ltd
35 Fountain St, Manchester M2 2AF — 061-236 5685

Income UT	98.6	105.5	+0.1	6.30
International UT	212.2	227.0xd	+3.2	1.00

Sun Life Trust Mgmt. Ltd
107 Cheapside, London EC2V 6DU — 01-606 6010

American Growth Acc.	24.8	26.4	-0.1	1.9
American Income Acc.	25.7	27.3	-0.1	4.6
American Income Inc.	25.7	27.3	-0.1	4.6
European Growth Acc.	36.8	39.2	+0.1	2.2
Far East Growth Acc	27.9	29.7	-0.2	0.8
Int. Growth Acc.	27.1	28.8	.	0.9
Japan Growth Acc.	34.4	36.6	-0.2	0.3
UK Growth Acc.	28.9	30.7	-0.1	2.4
UK Income Acc.	26.4	28.1	+0.1	4.4
UK Income Inc.	26.4	28.1	+0.1	4.4
Managed Growth Acc.	30.2	32.1	-0.1	2.3
Managed High Yield Inc	32.2xd	34.2xd	+0.1	6.9
Managed Income Inc.	27.3	29.0xd	....	4.3

Swiss Life Pen. Tst. Man. Co Ltd (a)(c)
99-101 London Rd, Sevenoaks — 0732 450161

Equity Dist.*	232.3	245.8xd	..	3.90
Equity Acc.*	279.5	295.7xd	.	3.90
Fixed Int. Dist.†	116.0	120.2xd		11.25
Fixed Int. Acc.†	170.2	176.3xd	.	11.25

*Prices on Dec 11. Next dealing Jan 8
†Prices on Dec 4. Next dealing Jan 2

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens House, Andover, Hants SP10 1PG
0264 62188 — Dealings to 0264 63432-3

TSB American	100.6	107.1	+0.1	1.26
Do. Accum.	104.8	111.5	+0.1	1.26
TSB Extra Income	88.1	93.8	-0.2	6.11
Do Accum	101.5	108.0	-0.1	6.11
TSB General	134.7	143.3	-0.2	3.08
Do. Accum.	216.6	230.5	-0.5	3.08
TSB Gilt & Fxd Int.	46.5	48.5	+0.1	9.17
Do Accum	58.3	60.8	..	9.17
TSB Income	174.4	185.6xd	-0.2	4.91
Do. Accum.	267.8	284.9	-0.4	4.91
TSB Pacific	111.6	118.8	-0.7	0.59
Do Accum	114.4	121.8	-0.7	0.59
TSB International	250.9	267.0	-0.6	1.85
Do Accum.	308.0	327.7	-0.7	1.85
TSB Natural Resources	41.7	44.4	+0.1	2.27
Do. Accum	42.6	45.2		2.23
TSB Spld. Opps.	48.7	51.9	+0.3	2.30
Do. Accum	53.1	56.5	+0.3	2.30

3i Unit Trust Managers Ltd
2 St Mary Axe, London EC3A 8BP — 01-928 3356

Small Co's Fund	67.0	71.2	-0.7	0.10

Target Trust Mngrs. Ltd (a)(g)
Target Hse, Gatehouse Rd, Aylesbury Bks — (0296) 5941

American Eagle	69.4	74.2xd	+0.2	0.47
Australia	27.1	28.9	+1.0	0.10
Commodity	74.2	79.7xd	+0.4	2.21
Energy	37.4	40.0	+0.5	1.36
Equity	103.4	110.6xd		3.31
European Spec. Sits.	71.8	76.7	-0.6	0.32
Extra Income	96.3	103.0	+0.6	6.71
Financial	216.0	230.4	-1.0	2.19
Gilt Income	97.3	101.9xd	+0.1	8.77
Gold Income	51.6	55.2	+1.3	2.25
Gold Acc.	94.0	100.6	+0.5	2.25
Income	65.5	70.4xd	+0.3	5.47
Japan	53.8	57.3	-0.5	0.10
Malaysia & Singapore	17.9	19.1	-0.1	1.47
Pacific Income	65.2	69.7	-0.2	0.10
Pacific Acc. Inv	79.9	85.6	-0.3	0.10
Preference Share	16.6	17.9		9.70
Special Sits	81.6	87.1	+0.5	0.97
Technology	44.4	47.4	+0.2	0.10
UK Capital	53.4	57.0		2.33
World Income Fund	47.8	51.2	-0.4	7.39
Worldwide Capital	118.2	126.1	+0.1	1.99
Equity Exempt Dec 17	66.4	70.9	.	2.17
Equity Ex Acc Dec 17	124.5	132.9	.	2.15

Touche, Remnant Unit Trust Mngt Ltd
Mermaid Hse, 2 Puddle Dock, EC4 — 01-248 1250

TR American Growth	31.3	33.7	.	0.89
TR General Growth	43.7	47.0		3.0
TR Global Tech.	33.2	35.7xd	+0.1	0.1
TR Income Growth	49.6	53.5	.	5.37
TR Income Monthly	40.5	43.4	.	7.25
TR Japan Growth	25.6	27.3	-0.2	0.18
TR Overseas Growth	35.1	37.7xd	-0.1	1.54
TR Smaller Cos.	47.1	50.6	+0.2	2.02
TR Special Ops	50.5	54.1	+0.1	1.90

Trades Union Unit Trust Managers
100 Wood Street, London EC2 — 01-628 8011

TUUT Nov 1	148.8	156.7	....	3.67

Manufacturers Life Insurance Co (UK)
St George's Way, Stevenage — 0438 356101

Managed	301.2	317.1	-0.9	—
Property	244.7	257.6	+1.0	—
Equity	321.7	338.6	+2.5	—
Gilt Edged	309.2	325.5	-0.8	—
Deposit	178.5	187.9	+0.9	—
Investment	134.0	142.8	+1.4	—
International	269.4	283.6	+4.8	—

Pension Fund Prices

Managed Init.		215.2	....	—
Do. Accum.		248.6	....	—
Property Init.		208.2	....	—
Do. Accum.		240.6	....	—
Equity Init.		257.2	....	—
Do. Accum.		273.8	....	—
Gilt-Edged Init.		196.9	....	—
Do. Accum.		227.5	....	—
Guaranteed Init.		139.3	....	—
Do. Accum.		161.0	....	—
International Init.		323.7	....	—
Do. Accum.		373.8	....	—

Property Growth Assur Co Ltd
Leon House, Croydon CR9 1LU — [illegible]

Property Fund		301.7		—
Property Fund (A)		291.0		—
Agricultural Fund		607.5		—
Agric. Fund (A)		674.9		—
Abbey Nat. Fund		250.2		—
Abbey Nat. Fd. (A)		169.3		—
Investment Fund		167.7		—
Investment Fund (A)		163.2	+0.3	—
Equity Fund		982.6	+0.3	—
Equity Fund (A)		548.6	+0.3	—
Money Fund		259.4	+0.5	—
Money Fund (A)		347.3		—
Actuarial Fund		275.9		—
Gilt-Edged Fund		215.7		—
Gilt-Edged Fd. (A)		215.7		—
Retire Annuity		494.6		—
Immed. Ann'ty		712.5	+0.8	—
International Fd.		311.4		—
Bldg. Soc. Life Fd		129.1		—

Property Growth Pensions & Annuities Ltd

[illegible]

INSURANCES

[illegible]

INSURANCE, OVERSEAS & MONEY FUNDS

Scottish Life Investments
19 St Andrew Square, Edinburgh 031-225 2211

Property	106.9	112.7	—	—
UK Equity	139.1	146.4	—	—
American	132.3	139.4	−0.5	—
Pacific	115.5	121.7	+1.1	—
European	157.1	165.5	−0.6	—
International	129.2	136.1	+0.1	—
Fixed Interest	105.1	110.7	—	—
Index Linked	98.3	103.6	+0.1	—
Deposit	106.4	112.1	−0.2	—
Managed	122.5	129.1	—	—
Pens. Property	112.6	118.6	—	—
Pens. UK Equity	148.4	156.3	+0.1	—
Pens. American	139.2	146.6	−0.5	—
Pens. Pacific	119.2	125.6	+1.3	—
Pens. European	169.1	178.1	−0.8	—
Pens International	136.4	143.7	—	—
Pens. Fixed Int	110.8	116.7	—	—
Pens. Index Linked	101.8	107.3	+0.2	—
Pens. Deposit	114.5	120.6	−0.2	—
Pens. Managed	129.9	136.8	—	—

Scottish Mutual Assurance Society
109 St Vincent St, Glasgow 041-248 6321

Flex End Nov 15	660.2	680.6	—	—
Pen Mngd Sept 30	421.1	434.1	—	—

Scottish Mutual Investments
109 St Vincent St, Glasgow 041-248 6321

Safety Fund	102.8	108.3	+0.1	—
Growth Fund	102.2	107.6	+0.7	—
Opportunity Fund	104.8	110.4	+1.1	—
Cash Fund	98.7	103.9	—	—
European Fund	129.6	136.5	+3.6	—
Gilts & Fxd Int Fund	110.7	106.1	−0.3	—
Index-Linked Fund	94.4	99.4	−0.4	—
International Fund	107.1	112.8	+0.9	—
North American Fund	94.2	99.2	−1.3	—
Pacific Fund	107.4	113.1	+0.3	—
Property Fund	98.7	103.9	—	—
UK Equity Fund	102.4	107.8	+1.6	—
UK Smaller Cos. Fund	106.2	111.8	+0.9	—
Pens Safety Fnd	96.4	101.5	+0.2	3.25
Pens Growth Fnd	97.6	102.8	+0.3	—
Pens Opportunity Fnd	98.2	103.4	+0.8	—
Pens Halifax Fnd	96.5	101.6	—	—
Pens Cash Fund	96.3	101.4	—	—
Pens European Fnd	110.2	116.1	+3.0	—
Pens Gilts/Fxd Int Fnd	94.1	99.1	−0.3	—

Sun Life Unit Assurance Ltd.
St James Barton, Bristol BS99 7SL 0272 426911

Managed Acc.	343.6	361.7	−1.1	—
Property Acc.	205.3	216.2	+0.2	—
Equity Acc.	475.7	500.8	−3.4	—
Fixed Interest Acc.	189.0	199.0	+0.3	—
Index-Linked Acc.	105.8	111.4	−0.2	—
Cash Acc.	171.8	180.9	—	—
American Equity Acc.	176.7	186.1	+0.4	—
U.S. Bonds Acc.	108.1	113.8	+0.3	—
Japan Acc.	135.0	142.2	−0.2	—
Pacific Acc.	103.7	109.2	+0.7	—
Far Eastern Acc.	266.2	280.3	−2.5	—
International Acc.	259.5	273.2	−0.3	—
U.S. Dollar Acc.	97.9	103.1	−0.1	—
Yen Acc.	104.4	109.9	−0.1	—
European Currency Acc.	102.2	107.6	+0.1	—
Distribution	144.5	152.2	−0.4	4.92

Sun Life Pensions Management Ltd
(funds for individual pension contract)

Pens. Managed Acc.	347.7	366.1	−0.9	—
Pens. Property Acc.	167.2	176.1	+0.1	—
Pens. Equity Acc.	446.8	470.4	−2.5	—
Pens. F. Interest Acc.	182.5	192.2	+0.4	—
Pens. Ind. Lnkd. Acc	104.8	110.4	−0.3	—
Pens. Cash Acc.	178.8	188.3	+0.1	—
Pens. Amer. Equity Acc.	148.5	156.4	−0.1	—
Pens. U.S. Bonds Acc.	122.8	129.3	+0.4	—
Pens. Japan Acc.	143.5	151.1	+0.6	—
Pens. Pacific Acc.	129.1	135.9	+1.3	—
Pens. Far Eastern Acc.	398.2	419.2	−1.4	—
Pens. Internat. Acc.	338.1	356.2	−0.6	—
Pens. U.S. Dollar Acc.	103.2	108.7	−0.1	—
Pens. Yen Acc.	112.5	118.5	—	—
Pens. Euro. Curr. Acc.	105.1	110.7	+0.1	—

Swiss Life Pensions Ltd
99-101 London Rd, Sevenoaks 0732 450161

Equity	£191.70	197.62	—	—
Fixed Int.	£138.35	139.04	—	—
Index Linked	£108.61	109.15	—	—
Property	£155.54	160.35	—	—
Cash	£126.51	126.51	—	—
Mixed	£180.20	185.81	—	—
International	156.58	161.42	—	—

Next sub day Jan 28

TSB Life Ltd
PO Box 3, Keens Hse, Andover SP10 1PG 0264 62188

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OFFSHORE AND OVERSEAS

[illegible]

World Fund S.A.
2 Boulevard Royal, Luxembourg

World Fund NAV	$14.01	−0.07	—

World Wide Growth Management
10a Boulevard Royal, Luxembourg

Worldwide Gth Fd	$14.20	−0.32	—

Inv. Adv: M & G Inv. Mngt. Ltd, London.

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech	$11.99	−0.19	—
Dynamic Gwth Fd	Y5113.03	−0.13	—

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey 0481 26268

Zero Bond Fund	$10.51	11.19

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 77 London Wall, London EC2N 1DB 01-588 1815				
Deposit	11.25			3-Mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	11.30	8.49	12.34	6mth
7-day Fnd	11.47	8.57	12.55	6mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	11.34	8.25	12.23	6-Mth
7-day Fund	11.15	8.35	12.24	6-Mth
Dollar	7.30	—	—	6-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq, Edinburgh, EH2 4DF 031-225 8484				
Full Service Chq Acc	11.00	8.00	11.78	Qtr
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	11.00	8.25	12.11	Qtr
Mtr Int. Chq	11.000	8.22	12.18	Mth
Allied Arab Bank Ltd 97-101 Cannon St, London. EC4N 5AD 01-283 9121				
NIBCA	11.50	8.60	12.78	mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc	11.00	8.22	12.22	Mth
Barclays Prime Account PO Box 125, Northampton 0604 252891				

[illegible]

OPTIONS

3-month call rates

[illegible]

LONDON SHARE SERVICE

BRITISH FUNDS

1985 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
101$\frac{1}{16}$	99$\frac{1}{16}$	Exch. 11¾pc '86	99⅞	.....	11.77	11.90
99$\frac{13}{32}$	96¼	Treas. 10pcCnv 1986	99$\frac{13}{32}$	+$\frac{1}{32}$	10.06	11.60
97⅛	92¼	Treas 3pc 1986	97⅛	+$\frac{1}{16}$	3.09	10.44
100	97½	Exch. 10½pc 1986	99$\frac{17}{32}$	.....	10.55	11.71
101⅞	99¼	Treas 12pc 1986	100$\frac{1}{16}$	.....	11.98	11.57
98$\frac{1}{16}$	94¾	Treas 8¾pc 1984-86‡‡	98½xd	-$\frac{1}{16}$	8.63	11.54
105$\frac{5}{16}$	101$\frac{11}{16}$	Exch. 14pc 1986	101$\frac{11}{16}$	.....	13.75	11.60
95⅛	87¼	Exch. 2½pc 1986	95⅛	+$\frac{1}{16}$	2.63	7.84
104$\frac{3}{16}$	101$\frac{7}{16}$	Exch. 13¼pc 1987	101$\frac{11}{16}$xd	+$\frac{1}{16}$	13.03	11.62
99$\frac{15}{16}$	96$\frac{5}{8}$	Treas 10¼pcCv '87	98$\frac{3}{16}$	.....	10.40	11.54
93⅝	85½	Exch 2½pc 1987	93¼	+⅛	2.68	8.40
100$\frac{3}{16}$	96¼	Exch. 10½pc 1987	98$\frac{7}{32}$	+$\frac{1}{16}$	10.62	11.42
95$\frac{3}{16}$	89	Funding 6½pc '85-87‡‡	94¾	+$\frac{1}{16}$	6.87	10.76
99$\frac{7}{16}$	95½	Treas. 10pc 1987	98½	.....	10.19	11.42
92¼	84¾	Treas 3pc 1987	92¼xd	+$\frac{1}{16}$	3.26	8.44
102$\frac{13}{16}$	99½	Treas. 12pc 1987	102	-$\frac{1}{16}$	11.68	11.35
95$\frac{1}{16}$	90¼	Treas 7¾pc 1985-88‡‡	93⅞xd	-⅛	8.26	11.16
100$\frac{1}{16}$	95⅛	Exch 10½pc '88	98½	.....	10.66	11.23
98⅛	93⅞	Treas 9¾pc Cv '88	96⅝	.....	10.09	11.35
87$\frac{13}{16}$	80	Transport 3pc '78-88	87$\frac{1}{16}$xd	+⅛	3.43	8.60
97⅛	91½	Treas. 9½pc '88	95½	.....	9.95	11.37
102¼	97¼	Treas 11½pc 1989	100⅞	+¼	11.45	11.26

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

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Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

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BUILDING, TIMBER, ROADS—Cont.

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DRAPERY & STORES—Cont.

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ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
240	146	McCarthy Ph. 20p	240	.....	8.2	2.0	4.9	14.8
150	87½	Macfarlane Gp.	122	.....	†t12.16	3.1	2.5	17.1
47	34	Maclellan (P & W) 20p	42	.....	†1.7	2.3	5.8	8.7
88	46	Magnolia Group	82	−1	2.6	3.0	4.5	10.0
60	28	♦Mainmet Hldgs 10p	60	.....	—	—	—	97.9
515	202	Man. Ship Can. £1	503	−2	5.5	3.5	1.6	26.4
123	70	Marley	103	−3	3.75	2.2	5.2	12.5
107	52	Marling Ind. 10p	85	−1	†d1.5	5.4	2.5	10.5
82	36	Marshall L'ey. 'A'	70	.....	†2.4	4.9	4.9	5.0
77	55	Marshall's Universal	68	−1	†2.0	1.4	4.2	(21.6)
89	78	Do. 7½pcCnRedPf £1	84	−1	7½%	—	12.8	—
£110	£81	♥Mathesons 7¼%	£110	.....	07¼%	2.3	17.2	—
35	15	♦Maxiprint 1p	20	...	—	—	—	—
551	375	Metal Box £1	512	−3	17.25	3.0	4.8	8.1
170	110	Metal Closures	145	−3	6.7	2.0	6.6	9.1
17	3	♦Metal Sciences 2½p	6½	.....	—	—	—	—
104	63	♦Midland Marts	80	−2	4.0	2.1	7.1	9.6
*83½	55½	Mitchell Cotts	67	.....	4.25	2.0	9.1	(6.8)
230	182	Morgan Crucible	208	+1	†8.0	1.6	5.5	14.4
33	18	♦Morris (W) F.A. 20p	28½	+½	g0.5	♦	3.5	♦
131	91	Moss (Robt.) 10p	108	.....	†3.0	2.7	4.0	11.6
81	60	Mysen Grp 10p	65	−½	g2.5	3.4	5.5	12.3
530	214	♦N&W Computers	310	−5	†t4.8	2.7	2.2	23.8
43	27	Nash Inds.	34	+6	0.5	—	2.1	—
48	15	Neil & Spencer 10p	16	.....	♦	—	—	4.8
44	14½	Newman Inds 10p	32	...	20.3	—	1.3	(35.1)
57	26	Nolton	52½	+½	0.95	2.6	0.3	74.7
216	146	Norcros	190	−2	†8.6	2.0	6.5	10.2
67	45	Nu-Swift 5p	51	.....	†3.0	1.9	8.4	8.3
114	68	Oakwood Grp	85	.....	†t4.5	1.4	7.6	(12.5)
250	150	Office & Elect	208	−2	†7.5	2.6	5.2	10.7
108	75	Oldacre 20p	80	.....	4.0	2.6	7.1	7.1
58	36	♦Optometrics $0.01	36	.....	vd02c	—	4.4	—
525	312½	Oriflame £1	525	.....	†23.4	1.8	4.5	12.4
18	5½	Overstone 12½c	8	.....	s03.23c	2.9	10.4	5.1
£217	£158	Ozalid 9pc Cnv 87-92	£216	.....	09%	—	†4.2	—
185	98½	♦PCT Grp 10p	100	.....	3.2	1.2	6.7	(24.6)
£14	850	PLM 'B' Sk 25	950	.....	021.6%	2.9	4.9	7.2
193	114	PSM Intl	116	.....	td5.25	2.5	6.5	8.0

LEISURE—Continued

1985 High	Low	Stock
37	24	Campari Int. 20p
215	177	♦Central TV N/V 50p
235	170	Chrysalis
52	7	♦Entertain Prod 5p
113	50	Fairline Boats 10p
422	228	First Leisure £1
69	51	GRA Group 5p
32	25	Grampian TVA 10p
35	10	♦Greenwich Cable Comm.
175	117	HTV Non/Vtg.
148	78	Horizon
140	95	Intnl Leisure 10p
232	65	Julianas's Hldgs 2p
300	217	LWT
*36½	23½	♦Leisure Inv 10p
65	53	Leisuretime Int 10p
115	98	♦Lewmar
183	153	♦Media Tech Int 20p
205	124	Medminster 10p
280	160	♦Miss World 10p
127½	68	Nationwide Leisure
39	9½	♦Nimslo Int 20c
27	19½	♦Owners Abroad
54	36	Photax (Lon.)
29	18	♦P'dilly Radio NV 5p
90	30	♦Pineapple Dnc St 10p
342	183	Pleasurama 5p
161	109	Do. 7pcCvCnRedPf
96	77½	♦Pres Entertain 50p
65	18	♦Radio City 'A' NV
55	35	♦Radio Clyde N/V
63	34	Riley Leisure 10p
195	143	Saga Hols. 20p
*289	97	Samuelson Grp 20p
111	25	♦Sangers Photo 10p
202	130	♦Scanro 50p
188	128	Scott. TV 'A' 10p
508	250	SeaCo Inc $0.125

MOTORS, AIRCRAFT TRADES

Motors and Cycles

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FINANCE, LAND—Cont.

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Far West Rand

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

NOTES

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

"Recent Issues" and "Rights" Page 12

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £800 per annum for each security.

FINANCIAL TIMES

Saturday December 21 1985

Willis warns on one-union deal

By Philip Bassett and Helen Hague

THE Trades Union Congress formally advised the printing and electricians' unions that a single-union agreement should not be signed with Mr Rupert Murdoch's News International group for a new printing plant at Wapping, East London, but that a joint deal should be sought.

Though all the TUC's printing unions were included in the advice issued under congress rules by Mr Norman Willis, general secretary, it is aimed principally at the electricians' union EEPTU. The union has said it does not rule out signing with the company a legally-binding, single-union no-strike agreement, to which the other print unions object.

Any union that rejected Mr Willis's advice, given under Rule 11 of the TUC's constitution, could be investigated under the disciplinary procedures of Rule 13 and face suspension and eventual expulsion from the TUC.

Mr Willis's advice came in a letter to the unions issued after a meeting with them yesterday at the TUC's London headquarters, which said:

- No union should enter into an agreement with News International covering all or part of its operations without the agreement of the other unions involved.
- Unions should seek to agree a common approach to the company. Such a move, which Mr Willis described as "imperative and urgent," should cover an agreement with the company on avoiding and settling disputes, continuity of production, flexible work patterns and health and safety aspects.

Mr Willis made clear he would, if necessary, take the issue to the TUC's finance and general purposes committee for disciplinary action.

He urged the print unions to convene a meeting of the TUC's printing industries committee at which authoritative statements on each union's stance would be required, rather than some delaying tactic.

Ms Brenda Dean, who chairs the TUC print committee and [illegible] general secretary of the print union Sogat '82, welcomed Mr Willis's advice, but said that all [illegible] would have to await the [illegible] of the EETPU.

Mr Eric Hammond, EETPU general secretary, said last night: "We will give it some consideration—mind you, that's what we've been doing already. We've tried for a common approach and failed—you can't turn sheep into goats."

Mr Murdoch has set a Christmas deadline for the Wapping negotiations to be concluded with all unions. Mr Bill O'Neill, his chief negotiator, repeated last night the company's demand for a legally binding no-strike deal from the unions.

[illegible] move Sogat and the National Graphical Association are to submit a new pay claim to News International. The [illegible] element of the claim will [illegible] jobs-for-life guarantee for members of the Sun, News of the World, The Times and the Sunday Times.

The current agreement expires at the end of the year and the two unions are expected to ballot their members on the issue in January.

Calls for industrial action on the claim could put pressure on Mr Murdoch to dilute his hard line pre-conditions fro union recognition at the Wapping plant.

US growth of only 3.2% expected

BY STEWART FLEMING IN WASHINGTON

THE REAGAN Administration's hopes that the US economy would bounce back strongly in the second half of the year appeared to be dashed yesterday when the Commerce Department's "flash" estimate of fourth quarter gross national product projected a real annual rate of growth of 3.2 per cent.

Although the GNP projection was in line with many expectations on Wall Street, unexpected intervention by the Federal Reserve Board in the money markets late yesterday morning spurred renewed speculation about an imminent cut in the Fed's discount rate.

The department also revised down from 4.3 per cent to 3 per cent its estimate of third quarter growth and said that for the year as a whole it expects the economy to grow by 2.4 per cent, below the *Administration's current* 3 per cent forecast and well below the 4 per cent target the White House set at the beginning of the year.

Yesterday's GNP figures left Wall Street still divided over whether the Fed will move *quickly to cut its discount rate* from 7.5 per cent.

Dr William Griggs, economist with the New York economic consultants Griggs and Santow, is among those who believe that, *at last Tuesday's meeting of the* Fed's policy-making Open Market Committee, the Central Bank decided to ease its monetary policy, paving the way for a cut in the discount rate.

The recent pattern of active Fed intervention in the money markets to increase commercial banking is also raising expectations of early action on the discount rate.

Yesterday's GNP forecast is *as usual heavily dependent on* assumptions about trends in inventory accumulation and foregin trade for November and December, for which data is not yet available. Revisions are therefore to be expected.

However, it is clear that the economy grew this year much more slowly than the real rate of expansion of 6.6 ped cent last year, and it is entering 1986 without strong forward momentum. Inflation, the department said, is also expected to be lower for this year. It projects that its fixed weight price index will show inflation running at 3.5 per cent for the year, compared with 4.3 per cent last year.

Yesterday's report that consumer prices last month rose 0.6 per cent over the October level, the biggest rise since January last year, was largely disregared in the financial markets, where short-term factors are generally perceived to lie behind what is seen as a temporary jump in board inflation indicators. However, economists are watching closely for any signs that the sharp fall in the dollar this year is beginning to add to price pressures.

The GNP figures were accompanied by a comprehensive revision of the national income and product account estimates. These figures have not funda*mentally altered the cyclical* pattern of economic activity although they make the 1973-5 US recession look less severe than previously published estimates and the 1981-2 recession rather deeper.

For 1972-84 real GNP expansion is reduced to 2.5 per cent annually, down 0.2 per cent and the fixed weighted price index measure of inflation is reduced by 0.7 percentage points to 6.6 per cent, reflecting in large part more accurate estimates of computer equipment prices.

Troubled Burnett plans rescue

BY MARTIN DICKSON

BURNETT & Hallamshire, the coal and property group, yesterday revealed pre-tax losses of £125.6m for the year to March and announced a financial restructuring plan designed to save it from receivership.

The long-awaited rescue package includes converting £62m of debt to equity, substantial boardroom changes and a very large asset disposal programme. Rationalisation costs and write-offs above the line totalled £116m in the year to March, *eliminating shareholders'* funds and producing £4.2m deficit of net assets.

The plan would strip Burnett back to the type of coal mining and trading company it was *before it became a stock market* high-flier in the late 1970s and set out on an ambitions and ill-fated expansion into international energy and property.

Yesterday's proposals follow nine months of negotiations between the company and its banks on ways of reducing its debts.

Burnett revealed yesterday that its overoll borrowing liabilities at the end of March were £195m and said it could not survive without a reduction. If the proposals wer not implemented, the directors said they would have no alternative but to request the appointment of a receiver.

The essence of the plan is the conversion of about £62m of debt (net of costs) into new shares. About £30m of equity will be offered to existing shareholders. Any not taken up by them will go to the banks in *a conversion of debt.*

The banks will also change £33m of debt into convertible preference shares, while the company carries out a capital reduction.

The £116m of write-offs include such large rationalisations as the restructuring of Burnett's coal mining interests in Pennsylvania. The company also says it is selling off all but one of its Californian development properties—the cause of many problems — before they have been completed.

Further disposals will be necessary. The company has been granted new banking facilities of £44m, but about £20m of this must be repaid over the next two years. This, the company said, could be achieved only by sales of assets.

Mr Thomas Carlile, chairman of Burnett, said that even if the plan were implemented, borrowings would remain at a very high level relative to shareholders funds and a £12m deficit on distributable reserves would preclude dividend payments.

Details, Page 8

Names have grounds for legal action says Lloyd's

By John Moore, City Correspondent

MORE THAN 1,500 underwriting members of the Lloyd's insurance market who have been hit by £130m of insurance losses have been told that they have grounds to sue a number of parties.

The underwriting members have been plagued by a series of troubles from the past management of their affairs. More than £40m of their funds was misappropriated by former managers of PCW, agency which looked after their affairs, and later it was discovered that they faced £130m of insurance losses.

This summer, Lloyd's formed an independent underwriting agency to look after the members' affairs. Additional Underwriting Agencies No 3—chaired by Sir Ian Morrow and largely financed by Lloyd's.

In a joint statement issued last night by Lloyd's and Additional Underwriting Agencies, the agency said it had been investigating the past management of the affairs of the syndicates into which the Lloyd's members were grouped.

"Additional Underwriting Agencies No 3 is now advised, on the basis of the results of those investigations to date, that grounds exist for legal proceedings against a number of parties and Lloyd's has accordingly been informed by Additional Underwriting Agencies No 3," the statement said.

Additional Underwriting Agencies was formed when Minet Holdings, the insurance broker which owned the PCW agency, decided to close down the agency's operations by the end of this year after the £130m *of losses came to light.*

About 367 of the underwriting members facing the largest loses have since been trying to force Lloyd's to bring about an out-of-court settlement. The *members* alleged that the losses are directly linked to the previous irregularities in the agency.

Lloyd's yesterday confirmed "it's intention of actively pursuing various possibilities with the parties concerned with a view to resolving the financial problems faced by the PCW names (and members) as speedily and as justly as possible."

In a conciliatory gesture towards the members Lloyd's said it was seeking a "standstill agreement" under which all involved in the potential legal action, including numerous Lloyd's insurance brokers, would agree not to try to prevent any litigation on a technical point about its timing.

The members were worried that unless they issued their writ by the end of next March some of the events they wished to deal with in the action might not be allowed in the courts under the statute of limitations.

Bhopal sabotage claim rejected

BY JOHN ELLIOTT IN NEW DELHI

THE Indian government yesterday rejected allegations by Union Carbide, the US conglomerate, that last year's Bhopal gas disaster was caused by sabotage.

A report by its top scientists blamed inadequate plant design and maintenance for the tragedy in which more than *2,000 people were killed.*

The scientists, headed by Dr Srinivasan Vardarajan, director of India's Council of Scientific and Industrial Research, criticised Union Carbide for storing methyl isocyanate (MIC) in large quantities and for allegedly not checking adequately on the quality of its chemicals and plant.

Claims that water alone could have caused the accident were also rejected and the scientists said that the basic problem was contamination of the storage tank by alkalis nd metals plus the "unique properties of very high reactivity, volatility and inhalation of MIC."

The Indian Government interpreted the report as a rebuttal of Union Carbide's claim that the leak was the result of sabotage, alleging *this was* an "afterthought" on the part of the company and was not feasible.

The scientists' report broadens the debate about the *accident* at a time when the company and the Indian Government are preparing for a fresh round of legal battles. A US court is to rule next month on whether compensation claims should be heard in US courts, as India wishes, or Indian courts, which Union Carbide wants.

The scientists' report, which took a year to prepare, said that conditions in the Union Carbide plant were ripe for a "runaway" chemical reaction.

The Ministry of Chemicals commented that "anyone wishing to cause an accident of this nature would have to be presumed to have very substantial knowledge and information that metal contaminents would already be present and that the alarms and systems installed for containment would be grossly inadequate."

It was "clearly beyond all possibilities" that two connections needed to supply both water and alkali to the tank could have been made intentionally for the purpose of sabotage.

Westland Continued from Page 1

it, he was confident that he could muster the necessary 10 per cent shareholders' support from institutions to force an extraordinary general meeting *to consider the deal.*

The Westland board has called a shareholders' meeting for January 14 to approve the UTC-Fiat deal.

Mr Michael Heseltine, the Defence Secretary, who has risked his political standing in the Cabinet by his determined advocacy of a European solution to Westland's problems, apparently believes the consortium is very viable.

A key part of the consortium's *reformulated plan concerns the* work it would provide Westland which, like that of the rival Sikorsky plan, is designed to plug the gaping hole in Westland's order books between now and 1990, when work begins on the Anglo-Italian naval and utility helicopter, known as the EH 101.

The European consortium says plan would involve a "clear commitment" of additional work amounting to 125m man hours from Aerospatiale and Agusta, and 300,000 more hours from orders of six extra Sea King helicopters from the Defence Ministry. This order would not be available under the US plan.

In the longer term the consortium offers Westland work on the three types of military helicopter which Britain, France, West Germany and Italy have agreed to build.

These are the existing EH 101, which it is thought would go ahead whichever rescue plan was accepted, and two helicopters, the medium weight transport aircraft, the NH 90 and a lightweight battlefield helicopter.

These could involve sales of 1,300 aircraft in the five countries, the consortium says.

The consortium makes clear that Westland in partnership with Sikorsky could not be involved in the NH90, since that aircraft and the Sikorsky Black Hawk, which under the US plan Westland would build under licence and to sell to unnamed territories, are direct rivals.

Agreement on a new joint battlefield helicopter is also contingent on Westland accepting the consortium's plan.

THE LEX COLUMN

Left and right from RTZ

At first sight, yesterday's announcement from RTZ that it was swapping its stake in Enter*prise for an equivalent holding* in Lasmo looks like a brilliant piece of corporate empire-building. Closer inspection merely confirms that the first impression; and it is fitting, if rather hard cheese for those oil company executives now cancelling their Christmas holidays, that a year that has seen three companies vanish from the UK independent oil sector — with Charterhouse on its way — should end i nsuch a flurry of corporate activity.

Not everybody in the industry shares Charterhouse's profound gloom about the future of small companies in a bear market for oil prices, with share prices at a 13-year relative low and the institutions baying to escape with cash. But Lasmo must have some fairly good reasons for inviting RTZ — the acknowledged chief vulture before the arrival of British Gas—into its shareholders' register.

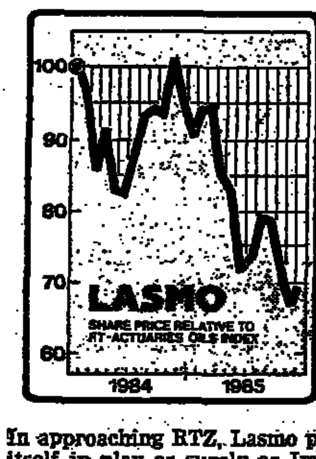
Admittedly, Enterprise stands at such a deep discount to most estimates of net assets that in buying most of RTZ's holding it is picking up a bargain while enhancing earnings per share. Equally, after April's rather ill-received rights issue, Lasmo has every need for an enlarged equity base to finance its dozen-or-so field prospects.

However, suggestions that Lasmo and Enterprise might make a good fit were around long before yesterday's announcement, not least in the RTZ boardroom. In place of a heavy stake in Enterprise, picked up without paying a premium, RTZ now enjoys a powerful hold on Lasmo (again without a premium but without even committing new cash) and on Enterprise, vit its Lasmo stake.

If RTZ, with a market capitalisation of £1.6bn yesterday and only 22 per cent of its assets in the energy business, really wants both companies it has *a pair of intriguing alternatives.* It can pick each company up individually as the non-aggression pacts run out in 1988 (for Lasmo) and 1989 (for Enterprise, protected by a golden share) *for a bit more* than £600m at current prices; or if Enterprise and Lasmo decide that they have a lot in common nowadays, RTZ could go still for the whole lot. RTZ may have lost about £20m on yesterday's transaction and will see some small earnings dilution: but it is a business that reckons in decades.

There is a further possibility.

Index fell 6.3 to 1108.6



In approaching RTZ, Lasmo put itself in play as surely as Imps at the time of its merger agreement with United Biscuits; and the market, recognising that even Christmas might not deter a bidder appearing before Lasmo's shareholders' meeting, pushed Lasmo's share price up 16p to 246p. RTZ rose 11p to 529p; and even Tricentrol was thrown in, up 6p to 142p, perhaps as a possible defensive counter for Enterprise.

Reconstruction

A fortnight ago the London equity market was cheerfully celebrating the arrival of one audacious takeover after another. The past week should, if nothing else, have provided a salutary reminder that not every highly geared company pays its way. With the publication of reconstruction proposals from Westland and Burnett & Hallamshire, the boom has momentarily made way for the bust.

The documents which B & H sent off to its shareholders yesterday made, if anything, a more horrifying read than the papers issued by Westland the previous day. For one thing, *the losses are bigger.* B & H made a negligible trading profit in the year to March and, after charging interest of £12.6m and exceptional debits of £116m, produced a pre-tax loss of £125.7m. The net outflow of funds was no less than £73.7m in the course of the year.

But the remarkable feature of the B and H accounts is the diversity of its problems. The group has made multi-million pound write-offs in no less than eight of its divisions, some of which shareholders may not even recognise. Mincorp Shipping and Finance, to which no reference is made in the previous years' review of trading, has required a £10m write-down against the value of a mysterious vessel called the MV Hallam Venture. For the connoisseur of reconstruction documents, there is a mine of information about litigation and contingent liabilities, some of a *disturbingly material nature.* It also appears that group debt totalled £154m at March 1984 but, of this, only £71m appeared in the group accounts. The new chairman, in reporting that both the financial and management resources of B and H had been inadequate, cannot stand accused of overstatement.

B and H has now agreed with its bankers a reconstruction package which, while reducing *debt by £63m, provides no* guarantee of a secure future. Even assuming that shareholders vote in favour of the proposal, net debt will be around £100m to judge from the most recent figures. Shareholders' funds are shown at £58.6m in the pro forma group balance sheet and there is a sizeable deficit on distributable reserves. Interest waivers may allow B and H to report roughly *a break-even result in the six* months to next March, but the group's bankers have allowed the company remarkably little margin for error. The US mining operations, which might be expected to generate cash, cannot pay dividends to the group until the local debt has been paid off, while the renewal of bank facilities is contingent on the realisation of £20m through asset disposals over the next two years.

B & H's long-suffering shareholders are being invited to approve the reconstruction package and subscribe for new shares in the company. Since the alternative to reconstruction is receivership, they should vote in favour of the proposed deal but leave the underwriting banks to pick up the shares. They might also fire a few *pointed questions at Thornton* Baker, the group's retiring auditors. Quite how B & H's accounts were allowed to deteriorate into such a mess is a mystery.

Compared to the shareholders of B & H, investors in Westland are sitting pretty. Yesterday the European consortium wheeled out its counter-proposal, which looks marginally more attractive in fiancial terms than the Sikorsky deal. But, until the confusion over proposed workloads is resolved, it will be impossible to judge their relative merits.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES				
Bradstock	220	+	23
British Benzol	51	+	4
Cannon Street Invs	85	+	7
Deutsche Bank	£251	+	8
Eng China Clays	257	+	13
French Kier	263	+	10
Grand Metropolitan	395	+	5
Greenall Whitley	179	+	5
Halstead (J.)	125	+	9
LASMO	246	+	16
Lonrho	199	+	5
RTZ	529	+	11
Tricentrol	142	+	6

FALLS			
Baynes (Charles)	25	−	4
Berisfords	85	−	5
Exco Intl	203	−	27
ICI	732	−	9
Lon Merchant Sec	66	−	4
SGB	248	−	8
Sangers Photo	85	−	8
Zygal Dynamics	16	−	4

WORLDWIDE WEATHER

UK today: Mild and windy everywhere with cloud and rain. Outlook: Brighter weather spreading south.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	15	59	Corfu	S	17	63	Luxmbg.	C	4	39	Peking		—	—
Algiers	F	17	63	Dallas†	S	−2	28	Madeira	S	19	66	Perth	C	20	68
Amsdm.	F	10	50	Dublin	C	11	52	Madrid	Fg	2	36	Prague	R	4	39
Athens	C	15	59	Dbrvnk.	S	11	53	Majorca	S	16	61	Reykjvk.	C	1	34
Bahrain	F	20	68	Ednbgh.	R	8	46	Malaga	S	17	63	Rhodes	F	14	57
Barclna.	S	13	55	Faro	S	15	59	Malta	C	17	63	Rio J'o		—	—
Beirut		—	—	Florence	S	5	41	M'chstr.	F	10	50	Rome	S	14	57
Belfast	R	7	45	Frankft.	C	7	45	Melbne.	C	22	72	Salzbrg.	C	7	45
Belgrd.	C	6	43	Geneva	S	4	39	Mx. C.		—	—	S F'cisco†	S	4	39
Berlin	C	5	41	Gibraltar	S	17	63	Miami†	S	14	57	Singapr.	F	30	86
Biarritz	S	6	43	Glasgow	R	8	46	Milan	S	7	45	S'tiago		—	—
Bmghm.	R	10	50	G'rnsey	C	10	50	Mntrl.†	Sn	−21	−6	Stckhm.	C	−11	12
Blackpl.	C	9	48	Helsinki	Sn	−8	18	Moscow	F	−19	−2	Strasbg.	F	7	45
Bombay	S	32	90	H. Kong	S	18	64	Munich	C	5	41	Sydney	R	39	102
Bordx.	C	3	37	Innsbrk.	F	2	36	Nairobi	F	28	82	Tangier	F	16	61
Boulgn.	R	9	48	Invrnss.	C	7	45	Naples	S	13	55	Tel Aviv	F	16	61
Bristol	C	11	52	I.o.Man	C	10	50	Nassau		—	—	Tenerife		—	—
Brussels	C	8	46	Istanbul	R	6	43	Nwcstl.	C	9	48	Tokyo	S	9	48
Budpst.	S	6	43	Jersey	C	9	48	N Delhi	S	18	64	T'ronto†	S	−11	12
Cairo		—	—	Jo'burg	C	16	61	N York†	S	−7	19	Tunis	C	17	63
Cardiff	C	11	52	L. Plms.	F	19	66	Nice	S	14	57	Valencia	S	12	54
Cape T.	C	19	66	Lisbon	F	10	50	Nicosia	F	14	57	Venice	Fg	1	34
Chicago†	C	−14	7	Locarno	S	8	46	Oporto	S	10	50	Vienna	C	6	43
Cologne	C	8	46	London	C	11	52	Oslo	Sn	−5	23	Warsaw	R	3	37
Cpnhgn.	C	4	39	L. Ang.†	S	14	57	Paris	C	7	45	Zurich	F	4	39

C—Cloudy. D—Drizzle. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

Christmas trees Continued from Page 1

However, as well as sucking in imports, the higher prices in the UK market also had the effect of boosting domestic *production.*

People have been attracted into the business of Christmas tree growing by the widest variety of motives, says Maj-Gen. Richardson: foresters, for example, find the five- or six-yearly revenues provided by a Christmas tree crop useful for balancing their own books. Some farmers have decided to devote a portion of their land to trees *because their earnings from* strictly agricultural enterprises are under severe pressure from the EEC.

But the rise in production does have an ugly side. "This is a market which behaves very much like that for pigs," says Mr Jardine of the Forestry Commission.

"It is tremendously cyclical. We are at present in the early stages of a peak in production following the *recent planting boom.* There are plenty of small trees around at the moment, and the prices of these haven't moved much over the last couple of years."

So the profits to be made out of Christmas trees are not likely to be huge over the next few years, particularly since imported trees—about 1.8m of them last year—keep up the competitive pressure.

Where the current resurgence does differ from previous boom/bust cycles is that producers have become much more professional in growing and marketing their crop.

In a sense, they have had to. Supermarkets handle a growing proportion of the trade, and—as producers of fruit and vegetables know already—they impose tougher specifica*tions on quality* than the greengrocers and street-corner sellers who have sold the bulk of trees up to now.

Trees now have to be properly sorted, graded, labelled and packaged, and growers and wholesalers have to make sure they are fresh and hence less likely to drop their needles in a hurry. This is where the British growers reckon they have the edge over their Belgian rivals, who have to chop trees down much earlier in order to ship them.

But as Mr Heyes the wholesaler says, quality is now a key requirement. "Consumers have gone back to the real thing, *simply because there* are more retailers selling quality trees. That's where the future lies."

WEEKEND FT

Saturday December 21 1985

Christmas in Bethlehem, where Jesus was born. It should be a season of good will. Instead, as **Walter Ellis** discovered, the little town is at the centre of a holy war

Turbulent priests

THE BUS from Jerusalem shunted into Bethlehem, its driver, in rough keffiya, communicating frantically with the world through his horn, which he kept depressed permanently. *For a moment it paused in* front of a tin cinema notice nailed to a gable end and bearing the legend:

Now Showing
Jesus!

Then, we were off again, lurching into the brazen streets.

Bethlehem is a busy place, and the sea of people ahead of us parted reluctantly. To the left, another bus was reversing into a parking bay. A tyre ran over a sack of oranges moved out of its path with insufficient haste by an old woman in a black, extravagantly embroidered dress. Tears filled the leather crevices of her face as the liquid disaster spread across the concrete. A bus company employee continued to gesture instructions to the driver, urging him to complete his manoeuvre.

Christian reminders charted our course. Holy Family Stores; Star of Bethlehem Souvenirs. At length, the expected landmarks came into view: a squat church tower, several spires and, not least, an elegant minaret crowned with a crescent moon.

It has to be said: without the Nativity, Bethlehem would be a dull sort of place — *just another dusty halt along the road* from Jerusalem to the south. Once it was Royal David's City. But he got out fast, first to Hebron and then to the *smoke of Jerusalem. This, however, is* to deny the obvious. *With* Jesus, the town has an extraordinary focus — one that is clearly at its sharpest over Christmas but operates effectively throughout the year.

Bethlehem stands in the heart of the West Bank, the chief focus of conflict between Arabs and Jews. Known by Israel since the Six-Day War in 1967 as the "administered territories," the area, west of the Jordan River and including East Jerusalem, is increasingly volatile. It is here that the Palestinian question must be resolved finally. Only Bethlehem, it seems, of the West Bank towns, gives God, or Allah, equal status with this national preoccupation.

Manger Square, part-way up the central hill of the town, is a somewhat featureless expanse, used for 363 days *of the year as a car park. Hamburger* bars, restaurants, and shops selling olive wood carvings and mother-of-pearl curios adorn the perimeter, which otherwise *is dominated* by municipal offices, the central mosque and the fortified barracks of the Israeli police.

Across the narrow road sits the brooding mass of the Church of the Nativity. Tourist coaches choke the thoroughfare, dropping off visitors from Michigan, Glasgow and Berne to be picked up by polyglot guides all too wearily familiar with their task. They enter by a tiny door — so small that all but children *must bow* — and are at once lost in the cavernous interior.

•

Zones of possession is a term that might *seem applied most logically in the Middle* East to the uneasy frontier lands between Israel and its Arab neighbours, or to the factional occupations of southern Lebanon. In fact, *it reflects* the ceasefire lines within this 1,300-year-old church, where holy war is waged with unremitting fury, even today, by bands of priests from all over the Christian world.

Each sect has its zone or place of celebration, and feuding in recent years has reached near-medieval proportions. Much daily cleaning has been abandoned as the clergy dispute each other's territorial claims, while no serious work on the structure or roofs has been carried out since the far-off days of the British Mandate. Nor does anyone seem to care.

On Christmas Eve, an armistice will *take effect as the ancient shrine*, built over the traditional site of Christ's birth, gives itself to the annual splendours commemorating the coming of the *Messiah. Thousands of pilgrims are* expected to fill Manger Square; carols will ring out from a chorus of international choirs and an enormous television screen will relay the festivities from inside the basilica.

The truce will be tense. Robed clergy, amid their undoubted piety and adoration, will be on the lookout for infringements. Israeli police had to intervene at one point last year to break up fist-fights in the aisles, and at this special time they will be particularly wary of tough young men in cassocks selected by their superiors for more than a devotional interest in the proceedings.

Bethlehem is thus much as it has always been: a *liturgical battleground* in which Christians fight over how best to proclaim the Prince of Peace.

The town's long-serving mayor, Elias *Freij, himself Greek Orthodox, is an* inveterate pragmatist and a skilful administrator. He has after all, survived in his job for 13 years, retaining the confidence uniquely, of both Israelis and Arabs. Yet even Freij's considerable negotiating talents have produced no let-up in the hostilities; and after one recent attempt to make the various factions see the sense of co-operation, he retreated, confessing himself "angry and frustrated."

The divisions are many centuries old and have appalled visitors for much of that time. The Church of the Nativity *is one of the most venerable monuments in Christendom, built under the Emperor* Justinian on the site of a shrine built more than 200 years before. Traditions in such circumstances have a long time in which to fester, and grudges nursed for the best part of a millenium only gain in potency.

At present, more than a dozen Christian denominations claim rights of one sort or another in the church, especially over the Christmas period. These are, in approximate order of local importance, the Greek Orthodox, the Armenians (Orthodox and Catholic), the Latins (Roman Catholic), the Greek Catholics, the Copts, the Syrian Orthodox, the Maronites, the Russian Orthodox, the Lutherans, the Ethiopians, the Anglicans, the Baptists, and several smaller Protestant groupings. Such a mosaic of belief was bound to present *administrative problems, even if* there was an administrator. In fact, it is chiefly the struggle between the Greek Orthodox, the Armenians and the Latins than has led to the *present (and* immemorial) impasse.

It might be thought strange that the Pope's divisions did not, over the centuries, impose Roman primacy in the Holy Places. The reality is that Eastern rites always have been stronger in the region, and such power as was created for Catholics by the Crusaders was whittled down gradually under centuries of Ottoman rule. The Turks — at least, once the golden age of Suleiman the Magnificent had become just a memory — certainly were conscious of the power of the West, and were careful to leave the Catholics a significant power base. But they were just as aware of the *need not to offend imperial Russia, and* so were happy to allow the Greek Orthodox to seek the protection and sponsorship of the Russian Patriarchate—in effect, the Tsar.

The source of Armenian strength is less clear. When Christianity still was a rising force, Armenia was an independent nation, centred on its ancient church, and Armenian monks were among the first to lay claim to stewardship over Christ's birthplace. When *Armenia subsequently was devoured by* its neighbours, the monks clung on, bolstered by a substantial congregation of the faithful.

Like the Jews and like other Christian communities, the Armenians suffered under Ottoman rule. The Turks knew how much financial pressure to apply without inducing bankruptcy, and they tightened the screw regularly. But they did not ban Christianity and, somehow, the faith held. Over time, no doubt in an effort to preserve past glories, Armenian monks allowed the form of their worship to ossify. The Church itself was kept alive by the intensity of national and religious conviction.

Nothing apparently ever has been able to persuade the competing sects that it would be in their mutual interest to sort things out and get the Church of the *Nativity* back in good shape. Elsewhere, there is an institutional indifference. The *status quo*, codifying the various zones of possession, was laid *down by the Ottomans in 1757 and con*firmed in the Treaty of Paris in 1855. This so reduced the status of the Latins that, in the 19th century, they built a church of their own, St Catherine of Alexandria, immediately adjoining the Church of the Nativity, retaining their original rights mainly in the grotto of the birth itself.

Today, Greeks and Armenians are at each other's throats on a more or less permanent basis. The Latins, latterly, seem content to stand on the sidelines, wishing a plague on both their houses.

The great church itself is probably too massive to be in any real structural danger because of mere neglect although the roof, according to *Mayor Freij*, is in an advanced state of disrepair. The walls are of bare stone, several feet thick. In the 11th century, marble floors *were laid and rich mosaics added to the* walls. The Ottomans looted most of this decoration in 1517, for reapplication in the Islamic Temple Mount, and most of what was left was destroyed as the result of clerical conflict in the subsequent 200 years. The last major repairs were carried out by the Greeks in the 17th *century, and the last real work of any* kind by the British in 1934.

Underneath the main altar of the church is the grotto itself. It is a cave, *part natural, part gouged out of the soft* Judean rock; and here, legend says, Mary gave birth to the Son of God. A silver, 14-pointed star surrounds the spot, hidden in a recess of the cave. Overhead, 15 votive lamps are hung, and beyond is a tiny chapel dedicated to the Wise Men. The walls and roof of the cave are black, not just from the smoke of many candles but as the result of a near-disastrous fire in 1869. The damage caused then still has to be repaired.

Into this deep cave, entered and left by narrow, stone steps, come countless thousands of pilgrims and tourists every year. And, with military precision, come troupes of the priests and monks of all nations, making out their territory in the manner of animals in the forest.

Christmas, inevitably, sees the *apotheosis of the year's worship.* Prayer and celebration of high mass is almost constant, with each community allocated precise times in the grotto and before *the various altars.* "It is a matter of life and death for some of these people," an Israeli official says. Latin high Mass is sung for the most part in St Catherine's, but adjourns at critical points to the Church of the Nativity. The Anglicans, whose meagre presence in the Holy Land is confined mainly to Jerusalem and Galilee, are accorded token rights only, courtesy of the Greek Orthodox.

Members of the laity who wish to attend masses and services are obliged to obtain tickets well in advance. These are distributed by the Christian Information Centre; but while theoretically free and intended solely to help ensure order, *they often find their way onto an* active black market, where they sometimes can change hands for hefty prices. Seating, for up to 2,000 at a time, is *arranged by the Israeli authorities*, who also oversee the entire operation, seeking to prevent not just internal bickering but a feared infiltration by terrorists. Evidently the Israelis are ready to take Yeats at his word:

And what rough beast, its hour come round at last,
Slouches towards Bethlehem to be born?

In Manger Square this year, a total of 11 foreign choirs, from countries as diverse as the US, Denmark, South Africa and Fiji, will join local singers in helping to generate the Christmas spirit. Those onlookers in need of something harder also are catered for by local initiative.

The *municipality* complains that the cost of the occasion, including special festive lighting, is borne chiefly by the town, but the Religious Affairs Ministry in Jerusalem insists that an adequate grant is provided. Conflict in Bethlehem appears endemic.

There is something of an atmosphere of a jamboree as well as of devotion on Christmas Eve. Bethelehem is set high in the Judean hills, and is normally very cold towards midnight at this time of year. Stall-holders hawk food and drink to the faithful and the unfaithful alike. Arab youths proffer six-packs of beer to intending worshippers: "Hey, baby, you want buy some Gold Star?" But nothing can take away entirely from the sense of occasion.

•

Christmas Eve and Christmas Day are two days. *For the rest of the year*, Bethlehem exists in what Mayor Freij believes is indecent obscurity. The tourist industry, with which the *adoration of Christ is linked inextricably*, brings an estimated 1m visitors to the town each year. Most stop for an hour or so. The proximity of Jerusalem, now *a mere 15 minutes away by good road, is* a mixed blessing, bringing traffic chaos as well as commerce.

Some 2,000 Bethlehemites derive a living of sorts from wood-carving and pearl-setting—both of which, in the form in which they are practised, are said to be unique. Others run hotels and restaurants. Some are guides and coach drivers. Without the Birth, the town would lose its main *raison d'être*. Yet, even with it, unemployment is high—around 30 per cent—and the decline in recent years of the Israeli economy has had its effect on the West Bank.

Construction, which was booming in the 1970s, has ground almost to a halt; and the provision of basic services, like water and street lighting, is proving a serious drain on municipal resources. The mayor blames the Israelis, and so *do an increasing number of young* people whose career expectations were raised just a few years ago and now are being dashed.

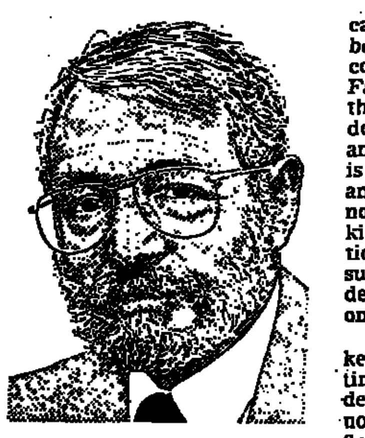
Unlike Nablus, Hebron, Ramallah and other West Bank towns, Bethlehem has given the Israeli authorities very little trouble since the occupation began in 1967. The mayor's patrician authority—"my family has existed here for more than 500 years"—has something to do with this, but so has the Christian Arab ethos centred on education, home and the family. Christians still make up 40 per cent of the population, compared with under 10 per cent in the West Bank as a whole, and the swelling Moslem community has been influenced by the prevailing air of moderation.

Students at the University of Bethlehem (sponsored mainly by the Vatican *but with an Islamic majority*) *point out* that most of them will have to move to the Gulf or America to make a living after graduation, and their support for *the Fatah/Arafat wing of the Palestine* Liberation Organisation is unwavering. Families in Bethlehem are large (family planning only now is making inroads into the rapid expansion of the population), and their requirements are growing. A reputation for moderation might not be a useful ideological commodity in a region that fast is being radicalised.

The Long View

Dollar's decline is good news for all

Anthony Harris reflects on a year when monetarism died and concludes that the end of monetary targetry should clear the air for some sensible economic policy-making.



THERE has been so much excitement in recent weeks about enormous bids and deals on *both sides of the Atlantic*, and about some not very important frauds and scandals in the City of London, that investors are *in danger of losing* sight of the main event of the mid-1980s: the death of monetarism, and the consequent fall *of the dollar.*

This is a huge convulsion, the causes and consequences of which will be analysed long after we have forgotten about Westland or Argyll or what JMB ever stood for. Its consequences are partly unpredictable, and sometimes damaging —notably in the sudden fall in industrial profits outside the US and, especially, in Asia—but, fundamentally, it is very good news and something about which to ruminate over Christmas.

The death of monetarism, and the consequent fall of the dollar? You might be bridling already at this choice of words. The public relations machines of the central banks would have you believe that the dollar finally was forced back towards reality by two heroic interventions by their foreign exchange managers, first in February and then after the Plaza meeting in September. *The* Federal Reserve still likes to describe its open market policy as neutral (or, at worst, accommodating) *for fear of frighten*ing the monetarists still at large in the markets.

The facts, however, speak for themselves. *The growth of* US M1, which has an official target range of 3-8 per cent, has been solidly in double digits throughout 1985, peaking at over 16 per cent in August. More recently, the Fed has been buying in the markets quite aggressively to help ensure *that* the dollar does not rebound. The astonishing boom on Wall St has the same cause.

Indeed, *it is only* because intervention has been supported by monetary policy—or, to use the terms preferred by technicians, because there was no effort to sterilise the dollar put into circulation by intervention—that the results have been durable. Monetary policy has, of course, always been by far the strongest short-term influence on exchange rates; the big change in 1985 is that in the major international centres—the US, London and Tokyo—monetary policy is now targeted quite explicity on exchange rates.

Thsi is a major advance towards commonsense. Monetary targets may have been quite a good guide to policy in periods when exchange controls were the general rule, especially the narrowly-defined targets used in countries like Germany; but in a period of free convertibility, when corporations can hold their cash in any currency they wish, policy needs to be aimed at world-wide rather than domestic holdings.

However, this kind of world-wide approach, long urged by such people as Professor Ronald McKinnon—not to mention my colleague, Samuel Brittan — is very difficult to carry out in practical terms because international data collection is highly unreliable. *Failing good information*, the exchange market does tell us quite reliably, and minute by minute, if there is a shortage or a surplus of any particular currency. This is not monetarism, or any other kind of "ism," but simply practical stabilisation. Central banks supply currencies in strong demand, and mop up the weak ones.

Investors in domestic markets have understood for some time that official monetarism is dead, whether they like it or not. A startling set of monetary figures now produces hardly a tremor in the markets; it is hard to remember that, not much more than a year ago, the weekly M1 figures from the Fed were the hottest news on Wall Street.

Indeed, the only reason I have bothered you with this dry piece of analysis is to drive home the other half of the message: exchange rates should not be so volatile and unpredictable from now on. They will tend to move, although not always smoothly, towards some level which, it is thought, will produce international economic stability. That certainly means that the *dollar has further to fall; and* sterling probably will need to fall against every currency except the dollar. The markets can *live with this knowledge* without panicking, because high sterling and dollar interest rates offer compensation to investors.

How far will these adjustments have to go, though? A purist view was published this week by Stephen Marris, who probably is one of the best known international economists

Marris is concerned mainly with the dollar; but by coincidence his brother, Professor Robin Marris of Birkbeck College in London, published his own estimates of trends in exchange rates in this paper recently. The brothers seem to *agree about every important* currency except the yen, which Marris S. thinks ought to rise further but which Marris R. feels is likely to fall back from its present peak.

On their joint figuring, sterling will have to fall by up to 10 per cent on average; but *this* involves a rise of about 15 per cent further against the dollar and quite a sharp fall (although *not as sharp as some here would* argue) against the EMS currencies.

Stephen Marris argues that *unless these changes are* achieved within the next couple of years the world will be in dire trouble because the mar*kets will become glutted* with dollar debt, and an investor strike will produce a disorderly collapse.

Take your choice; whether the dollar decline is quick, or rather slow, it will be good news. It will help to reduce inflation world-wide (for example, the dollar fall has done much more to cut the price of oil in Europe than Opec's difficulties). It will help interest rates to fall—especially if the US now begins to make *some meaningful* attack on its own deficit. It should ease the world debt situation, especially America's domestic problems in *the farm belt. Most important*, in the long run, the end of monetary targetry should clear the air for some sensible economic *policy-making*.

Of course, no benefits come free; exporting to the US will no longer be the bonanza that it has been, which is bad news for countries like Japan and Korea, and companies like Jaguar. It is not tragic news, though, and already is reflected in market prices. Nothing to prevent me wishing readers a very happy Christmas.

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• MARKETS •

Guinness Peat looks set to win Britannia battle

IN SPITE of the best efforts of Mr Robert Maxwell, who has been busy mopping up shares in Britannia Arrow, the higher offer from Guinness Peat this week looks good enough to win over Britannia's shareholders.

The new terms are 15 GP shares and 80p nominal in loan notes for every eight Britannia shares, or £10.96 in cash plus the Britannia final dividend, *equivalent to a cash alternative* of 140p a share. Following the slip in GP's shares the equity offer and the cash offer stand around the same level—*as does, give or take a penny,* the share price of Britannia.

It is a finely tuned bid. Adding just 7½ per cent to the original offer terms should be generous enough to bring over institutions who had originally argued that the first bid was about 10p *a share* short of what would be acceptable. Also the price is mean enough not to worry GP's own shareholders who might have feared that their company would pay too much for a unit trust group at the top of a bull run on the *stock market.*

Some shareholders in Britannia already seem to be voting with their feet to judge by the selling activity this week although judicious purchasing by Mr Maxwell, who has taken his stake to over 8 per cent, has underpinned the shares sufficiently to keep them beyond the reach of GP. But it is a *close-run thing and the bidder* may yet find itself able to step into the market and start adding to its existing 28 per cent stake.

The offer values Britannia *around* 13 times earnings which is a fair price in the absence of a rival bid. There has been talk of *a white knight* from the US or Europe but so far there has been a deafening silence. Mr Maxwell may be toying with the idea of a friendly consortium bid — he is buying Britannia shares at the request of Britannia's chair*man, Mr Geoffrey Rippon,* — but even if he is unable to find willing participants he does not stand to lose much if. GP wins and may actually make a profit in the New Year if he takes the GP share alternative.

Shareholders in Grand Metropolitan were prepared for some flat full year results. At the interim stage the pretax number was off by 10 per cent and with US cigarette profits going up in smoke anything like an unchanged profit *of £334m would have been* good enough for the City.

Yet the group popped up with a £13m improvement and the shares surged 27p to 392p *immediately after the* announcement. Despite the burden of Liggett & Myers (still up for sale if anyone is interested) which only made a marginal profit against £50m in the previous year, strong performances from consumer services and food in the UK and *wines and spirits in the international* division kept the group going forward.

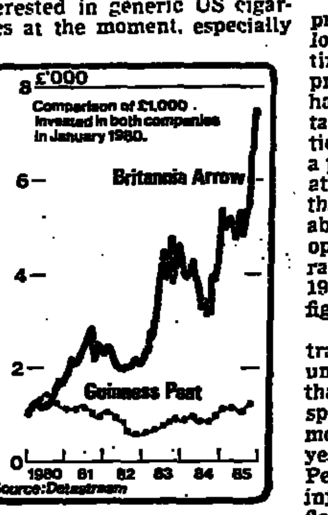
It was an impressive performance although even after the sharp rise on *Thursday* the market accords GrandMet no more than a historic p/e of 11. For a well run group with a strong collection of brand names and apparently doing all the right things, albeit a litte bit accident-prone over the last twelve months, the rating looks too low. Porfits could rise *to £385m this year slipping the* earnings multiple almost into single figures.

London

Perhaps one reason for the low price is that a market capitalisation of £3bn probably puts the group beyond reach *of the most ambitiously structured* bid even in these hectic days. So without any bid froth *the price is unlikely to keep* up with the market's high flyers.

That does not mean, however, that the business does not deserve at least an average rating. That message is gradually sinking in but there is still room for a, say, five to 10 per cent improvement relative to the market before the price could be called a fair valuation.

Announcing the sale of Liggett & Myers would certainly jolly along the shares although that is too much to hope for. *The trading position* may be improving but a full recovery to peak profits seems unlikely and not many companies would be interested in generic US cigarettes at the moment, especially



with all those massive liability suits flying around.

It was those impressive *numbers from* GrandMet which helped the market along on Thursday for the second good day of the week but the rise could not be sustained yesterday. To an extent Tuesday and Wednesday — when the 30 Share Index rose by a total of 25 points — must be regarded *as a miner aberration in* a market which is still showing more desire to slip back than move forward.

Wednesday's jump of 14.7 points had more to do with traders covering themselves on *earlier short sales* at the end of the account than any fundamental shift in attitude.

There obviously comes a point where it is wrong to keep *talking the* market down now the All Share Index is almost 5 per cent off the peak of last month and further downside is limited to perhaps another 2 or 3 per cent. But in the short term it is still hard to see where the stimulus will come from to drive the market forward *again.*

The half time figures from British Airways, due to be privatised next summer, came out this week. Not surprisingly, the rise in interim profits from £189m to £201m was accompanied by some enthusiastic *rhetoric* but the delay *imposed* by the Laker litigation has not served Lord King well.

If he could have come to the market earlier he might have been able to float BA on a solid profits increase but this year seems destined to show the air*line running out of puff.*

Although the half time improvement looks respectable enough, operating profits were actually down by £31m to £205m after unhelpful currency trends. It was left to a drop in interest charges from £48m to *£29m to keep the pre-tax line* moving ahead. And the prognosis for the full year does not appear particularly enticing despite confident remarks from in-house.

In its favour, the weaker oil price should translate into *lower fuel costs* and by the time the summer prospectus is printed customer traffic should have bottomed out. But it will take the favourable presentation of the Laker costs to show a profits trend that is not almost at a standstill. The £33m for *that* settlement will be taken above the line, against operating profits, last year, so *rather* than starting out with a 1984-85 figure of £201m the figure will be around £168m.

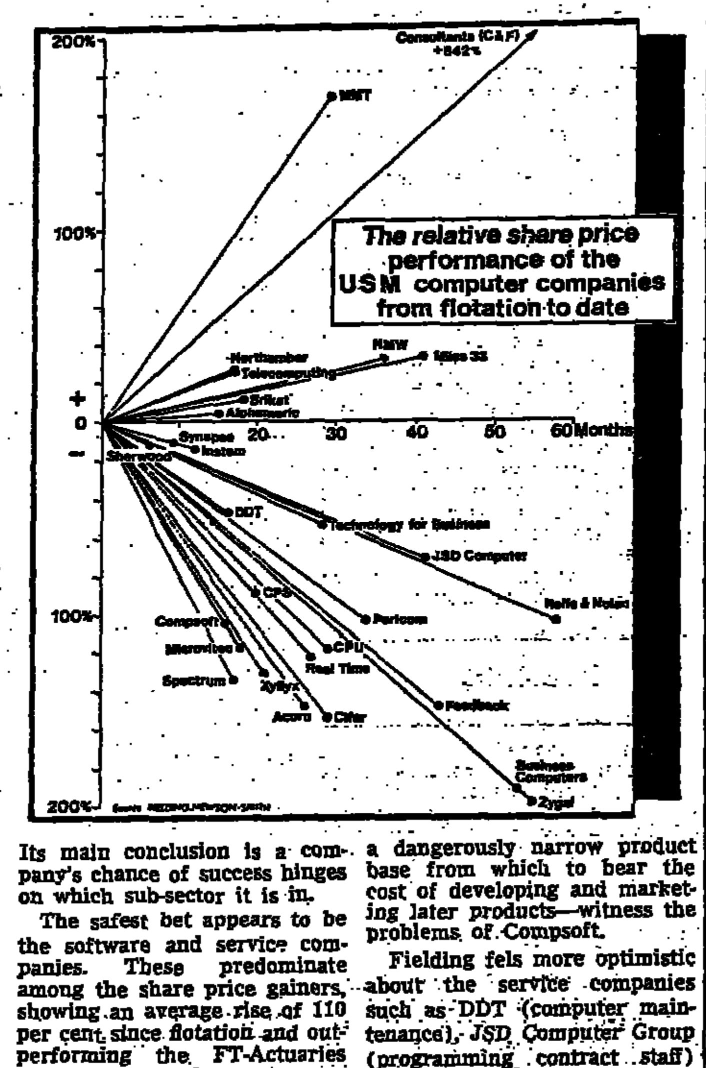
Of more concern than a trading line showing nominal underlying growth is the fact that BA faces a hefty capital spending programme that mounts up *to around £500m* a year over the next decade. Perhaps the Government will inject some money, pre-flotation, or BA might be tempted to launch a cash call of its own at the same time as the Government unloads. But *on the face of it the balance* sheet is not going to be glowing with health, and take-off may not be that easy come the summer.

Terry Garrett

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1985 High	1985 Low	
FT Ordinary Index	1,106.6	+ 2.7	1,146.9	911.0	Oil worries dampen enthusiasm
Apricot Computers	63	+ 9	280	48	Recovery hopes
Barratt Developments	122	+10	126	66	Private housing prospects improve
British Home Stores	330	−40	436	237	Counter-bid hopes diminish
British Steam	166	+16	166	110	Interim results exceed expectations
Caparo Properties	43	+11	52	21	Expansion plans
Charterhouse Petroleum	103	+35	112	66	Agreed £145m bid from Petrofina
Deutsche Bank	£251	+39	£253	£104¼	Benefits from Flick Group acquisition
Floyd Oil	50	+10	103	38	Takeover speculation
Goal Petroleum	54	− 8	124	48	Proposed £10.7m rights issue
Grand Metropolitan	395	+27	405	277	Better-than-expected results
Hogg Robinson	272	−17	306	224	Fund-raising via rights issue
Lond Merchant Securities	66	−14	86	65	Disappointing interim results
Lucas Industries	458	+38	459	227	Chairman's confident views
Moorgate Mercantile	39	+ 6	42	26	Dominion International sells stake
Stone International	154	−20	197	138	Disappointing interim results
Tilbury Group	144	+22	148	106	Aggregates division sold to Redland
Triton Europe	265	+25	405	100	Paris Basin oil reserves upgraded
United Biscuits	241	−18	292	163	Doubts over merger with Imperial
United Leasing	263	+23	350	237	Second-half recovery prospects

High and low of high-tech



COMPANIES which have picked up computers on the cheap might disagree; but for USM investors with portfolios biased *towards* the high-tech sector, 1985 has not been a good year. Barely a week goes by without a reminder of the problems that have aflicted the once-fashionable USM computer companies, and this week has been no exception.

Tuesday brought news of further losses at Cifer, the manufacturer of microcomputers and computer terminals which ran into problems last year and now is struggling to pull itself out of heavy borrowings.

Yesterday, Zygal Dynamics, which distributes computer printers and terminals, and also provides maintenance service, reported interim losses up from £182,000 to £211,000 and spoke of uncertain prospects for the full year.

It would not be right to assume that every computer-related company is in difficulties, however. Only last week, Northamber, another distributor of computer printers and peripherals, produced an 83 per cent increase in profits for the *half-year* to October and announced an imminent move to the main market.

The question of what differentiates a high-flying computer-related *stock from the rest* is one studied in a comprehensive report on the sector by stockbroker Fielding, Newson-Smith.

Its main conclusion is a company's chance of success hinges on which sub-sector it is in.

The safest bet appears to be the software and service companies. These predominate among the share price gainers, showing an average rise of 110 per cent since flotation and outperforming the FT-Actuaries All-Share index by an average of 56 per cent.

The hardware and distribution sectors, however, are described by Fielding as *disaster areas. The* hardware companies have shown an average loss of 61 per cent and have underperformed the FTA by 113 per cent; while the distribution companies have shown an average loss of 37 per cent and underperformed the FTA by 10 per cent. The statistics are based on share prices at the beginning of this month.

Fielding feels more optimistic the nature of the problems *afflicting* computer-related companies. Last year, it says, chip and component shortages, product development problems and inadequate production facilities *were largely to blame. This* year, however, it is uneven demand and increased competition, which means that distributors as well as manufacturers *have tended to suffer as margins* have been squeezed.

There are, of course, exceptions. Northamber already has been mentioned as a distribution company that has bucked the sub-sector trend, partly through sheer good manage*ment. In the hardware* sub-sector, Alphameric, which designs, manufactures and markets custom-built keyboards and terminals, has achieved strong growth through concentrating on the buoyant niche market of supplying financial systems in the City.

Meanwhile, all is not necessarily rosy in the software and services garden. The software companies tend to suffer from a dangerously narrow product base from which to bear the cost of developing and marketing later products—witness the problems of Compsoft.

Fielding fels more optimistic about the service companies such as DDT (computer maintenance), JSD Computer Group (programming contract staff) and MMT (programming); and about the systems companies such as Consultants (Computer and Financial) and NMW, which combine the reliability of service revenues with the

USM

UNLISTED SECURITIES MARKET

profit-multiplying effect of product offerings.

Looking to the future, Fielding says that with the establishment of much larger players in the UK market for personal computers and peripherals, it *is hard to believe that the* fortunes of the hardware manufacturers will revive by doing the same things they have done in the past.

To survive, it believes these companies will have to move into providing higher value-added specialist products in secure niche markets, and services such as maintenance.

For the distributors, Fielding believes that the worst of the discounting pressures are now over in the business microcomputer market, but the best performing investments are likely to remain those which offer some reasonably high value service in addition to the simple physical distribution of product.

Overall, however, Fielding considers that computer-related *companies of USM size* are best placed in software and services.

Richard Tomkins

Aussies strike it rich

THERE he was, suddenly, on my desk behind the typewriter, wearing a miner's helmet and *a silly grin to go with it. The* mole was back after several weeks away and not so much as a card or a "wish you were here" in the meantime.

"Hallo Moley," I said.

"'Allo," he replied, switching off his lamp.

"Writing a piece about how to get rich in 1986?" He chuckled.

"I wish I could," I sighed.

"Not much chance of that with metal prices the way they are," he agreed. "But it'll come *good in time.* The world has not given up using metal and the smart boys with some money to spare are picking up the good grade ore deposits for the future."

"In the meantime, all the action is in gold, which is a

Mining

paying proposition in anybody's money," I observed, rather obviously.

"S'right," agreed the mole, *absently.*

"Well, all right then, where have you been?"

"Thought you'd never ask," he brightened. Likes his little *bit of mystery, does Moley.*

"As a matter of fact I've been to Queensland, Australia, visiting my cousin Echi."

"Echi?"

"Yes, *odd sort of cove,* really. Eats ants."

"Ants?"

"Loves 'em."

"Well, thank you for that fascinating piece of information, Moley," but I think that I *had better get on and find* something more interesting for the readers to mull over this Christmas." I replied, heavily.

"Tell 'em about the big gold *rush in Australia, then,"* he suggested, affecting to examine his left paw.

"Gold rush? The only gold rush down there is in Western *Australia and that's beginning* to look a bit played out," I said.

"No, the new one. In Queensland. Already under way, of course, but we should be hearing a good deal more *about it in* 1986, according to Echi."

Warming to his theme, the mole went on: "Did you know that donkey's years ago Queensland was an important gold area, and up to 1920 it produced about 730 tonnes of the yellow metal? Well, over the past two or three years the big companies have been quietly securing rights to prospect over huge tracts of land.

"According to a paper pre*sented a year ago* to a seminar conducted by the Queensland Department of Mines, there were *over 30 prospects being* examined with a combined gold production potential reckoned at more than 400 tonnes," continued the knowledgeable mole.

"*And then,* Placer Development and Elders IXL found the mightly Kidston mine, with ore reserves of 44.4m tonnes grading 1.79 grammes gold and 2.2 *grammes* silver per tonne," I chipped in.

"S'right," he said, "and it has just paid a first dividend and is expected to produce 281,000 *ounces* of gold and 164,000 ounces of silver in its first year. That's the sort of deposit the others are after: big but mined cheaply by open-pit *methods even when the ore* grades are low, as it seems they are likely to be."

"Not necessarily," I murmured. "Values of up to 28 *grammes gold per tonne* have been found in some places."

"Anyway," said the mole, "Echi reckons that there are quite a few more mines wait*ing to be found out there* and a lot of them are going to be big ones, not like some of your Kalgoorlie pot-boilers." He waved a paw grandiosely, upsetting the *contents of the paste pot.*

"Sorry about that," he apologised, as glue slurped into an open desk drawer

"Which are the more pro*mising gold prospects in* Queensland?" I asked nonchalantly, brushing a coffee cup into the wastepaper basket.

"The one they're all talking about is Duval Corporation's Pajingo find. This could be a really big one, but Duval is *playing its cards close to the* chest and it is a case of wait and see at the moment.

"Nearer to start-up must be the Mount Leyshon discovery of Noranda Pacific and Pan Australian Mining which has some 7m *tonnes of ore grading* 2 grammes per tonne, near Charters Towers."

"Cousin Echi's residence?" I queried.

"No," said the mole, "it's an old gold mining area and far away to the south there is another promising prospect. This is the Mount Rawdon venture *of Samantha Exploration* and Samson Exploration. It is being studied on farm-in basis by Placer Development and contains more than 20m tonnes of low grade ore.

"About the same size as the Red Dome deposit in Northern Queensland which is owned by Elders Resources, a company in the Elders IXL group. This company also has a 25 per cent interest in the Starra find in the *Mount Isa area, which has 7.2m* tonnes going a good 5 grammes.

"Another asset is a 15 per cent holding in Kidston. One to watch, is Elders Resources," added the mole, thoughtfully.

"How about Noranda Pacific?"

"*Could be a good one, too,*" said the mole.

Kenneth Marston

INTEREST RATES: WHAT YOU GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 30%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	5.75	5.83	4.58	3.33	half yearly	1	—	0-7
High interest cheque	8.25	8.51	6.69	4.86	quarterly	1	2,500 minimum	0
3-month term	8.00	8.24	6.47	4.71	quarterly	1	2,500-25,000	90
BUILDING SOCIETY†								
Ordinary share	7.00	7.12	5.60	4.07	half yearly	1	1-250,000	0
High interest access	8.75	8.75	6.88	5.00	yearly	1	500 minimum	0
90 day	9.50	9.73	7.64	5.56	half yearly	1	500 minimum	90
Premium	9.40	9.74	7.65	5.56	quarterly	1	10,000 minimum	90
NATIONAL SAVINGS								
Investment account	11.50	8.05	6.33	4.60	yearly	2	5-50,000	30
Income bonds	12.00	8.88	6.97	5.07	monthly	2	2,000-50,000	90
31st issue‡	7.85	7.85	7.85	7.85	not applicable	3	25-5,000	8
Yearly plan	8.19	8.19	8.19	8.19	not applicable	3	20-200/month	14
General extension	8.52	8.52	8.52	8.52	yearly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	8.66	8.85	6.95	5.06	half yearly	1	2,500 minimum	0
Schroder Wagg	8.04	8.34	6.55	4.77	monthly	1	2,500 minimum	0
Provincial Trust	8.60	8.95	7.03	5.11	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
7.75% Treasury *1985-88*	11.16	8.85	7.70	6.54	half yearly	4	—	0
10% Treasury 1990	11.19	7.98	6.39	4.79	half yearly	4	—	0
10.25% Exchequer 1995	11.04	7.90	6.33	4.76	half yearly	4	—	0
3% Treasury 1987	8.55	7.63	7.18	6.72	half yearly	4	—	0
3% Treasury 1989	8.49	7.45	6.94	6.42	half yearly	4	—	0
Index-linked *1988*¶	9.81	9.12	8.77	8.43	half yearly	2/4	—	0

* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 5 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 *Dividends paid after deduction of* basic rate tax.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND DEALS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
					Prices in pence unless otherwise indicated.
Blundell-Prmglze	200*	190	146	15.57	Reed Intl
Britannia Arrow	141§	140	131	212.08	Guinness Peat
Business Comptr	26½§§	25	20	1.55	Electronic Data
Charterhouse Pets	111§ §§	103	66	150.15	Petrofina
Clay (Richard)	215	215	164	19.32	St Ives
Cole Group	260*	280	240	7.83	Low & Bonar
Dean Park Hotels	55½	55	54††	6.16	Queen's Moat Hses
Dew (George)	96§§	102	92	7.68	Bremner
Distillers	505§§	472	510	1.834bn	Argyll Group
Drayton Prem Inv	521*§	519	446	159.96	NCB Pensn Funds
Dufay Bitumastic¶	57½§§	57	56	9.45	British Tar Prods
First Castle Elec	148½	148	111	36.39	*Morgan* Crucible
French Kier	229½	263	224	113.00	Beazer (C. H.)
Imperial Group	236½§§	259	242	1.788bn	Hanson Trust
Kitchen Taylor	196§ §§	192	188	7.61	Scot Heritable
Needlers	*166**§	160	150††	3.27	Hillsdown Hldgs
Pearce (C. H.)¶	694§§	675	725	26.19	Crest Nicholson
Petbow Hldgs	52½§§	51	48††	7.04	Anglo-Nordic
Plessey	161½§§	174	176	1.172bn	GEC
Pyke (Hldgs)	396	380	348	15.36	Hillsdown Hldgs
Sangers Photo	40*§	85	39	3.04	*Mr J. Peace*
Somportex	28½*§	150	27	0.79	Messrs N. Wray & C. Mattock
Spear & Jackson¶	265	260	168	14.90	Neill (James)
Spencer Clark	140*	136	131	7.03	Williams Hldgs
Sparrow (G. W.)	77½	74	48	7.66	*BET*
Stewart Plastics	144	145	112	32.74	Bunzl
Thomson T-Line	*50**	*106*	48	9.50	Diamond
Towngrade Secs	32*§	37	37	1.67	Milbank Dev.
Utd Biscuits	324	241	278	1.314bn	Imperial Group
United Parcels	151	149	113	95.83	Bunzl
Wingate Prop Inv	121	125	105	16.68	Trafford Park Ests
Yarrow	412§ §§	510	485	11.83	Weir Group

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ *Unconditional.* ** Based on December 20 1985. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. ||| Loan stock. ‡‡ Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
AE	Sept	22,600	(17,300)	16.4	(14.2)	5.0	(4.25)
Aspinall Hldgs	Sept	15,660	(11,060)	18.0	(12.9)	6.0	(3.0)
British Sugar	Sept	53,600	(61,700)	—	(—)	—	(—)
Canvermoor	Sept	134	(403)	1.7	(4.9)	3.64	(3.64)
Carlton Comm	Sept	12,000	(5,540)	30.6	(15.3)	6.0	(4.5)
Cifer	Sept	1,820L	(3,000)	—	(—)	—	(—)
Craton Lodge	Sept	501	(—)	—	(—)	1.35	(—)
Grand Met	Sept	*347,300*	(334,300)	*35.0*	(32.4)	10.0	(9.2)
Harys & Hanson	Sept	3,430	(2,930)	38.8	(30.8)	16.9	(14.8)
Hawtin	Sept	1,100	(1,160)	1.2	(1.6)	0.38	(0.35)
Lee, Arthur	Sept	2,900	(1,530)	7.4	(3.2)	2.1	(1.2)
Lovell, Y. J.	Sept	9,040	(6,411)	28.3	(25.8)	7.0	(6.0)
Micro Scope	Oct	1,080	(595)	8.0	(3.4)	1.53	(—)
Nash Ind	Sept	121L	(267)	—	(—)	0.5	(2.5)
Nth British Steel	Sept	63L	(3,130)L	—	(—)	—	(—)
Nth Midland Cons	Aug	65L	(121)L	—	(—)	0.3	(—)
Piccdily Radio Ord	Sept	484	(446)	2.7	(2.2)	2.0	(1.88)
Piccadilly Radio A	Sept	484	(446)	5.4	(4.4)	4.0	(3.75)
Radio Clyde	*Sept*	*336*	(624)	3.4	(6.7)	3.25	(3.25)
Stainless Metal	Aug	603	(453)	6.9	(9.2)	4.2	(4.2)
Utd Scientific	Sept	10,110	(12,070)	—	(—)	5.7	(5.5)
Watson & Philip	Sept	*1,120*	*(896)*	—	(—)	5.8	(5.0)
Westland	Sept	95,300L	—	—	(—)	—	(—)
Widney	Sept	606	(246)	6.0	(2.3)	0.79	(0.15)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
A & M Group	July	371	(419)	—	(—)
A-R Television	Sept	55	(380)L	—	(—)
Batleys (Yorks)	Oct	507	(702)	0.5	(0.5)
Belhaven Brew	Sept	902	(830)	0.37	(0.35)
Bennett & Fount	Sept	402	(—)	—	(—)
Boulton & Paul	Sept	5,200	(6,320)	—	(—)
British Benzol	Sept	124L	(552)L	—	(—)
British Land	Sept	8,100	(4,900)	1.0	(0.75)
Brown & Tawse	Sept	2,910	(2,540)	2.2	(2.0)
Burns Anderson	Sept	940	(668)	2.7	(2.42)
Conrad Hldgs	Aug	146	(313)	—	(—)
Cook, W.	Sept	497	(304)	1.75	(1.1)
ERF	Sept	335	(1,090)L	—	(—)
Fobel	Sept	680L	(79)	0.2	(0.2)
Gibbs Mew	Sept	459	(394)	1.1	(1.1)
Greene King	Sept	4,390	(3,680)	1.71	(1.54)
Halma	Sept	2,270	(1,600)	—	(—)
Hampton Gold	Sept	319	(761)	1.0	(1.0)
Hogg Robinson	Sept	5,280	(4,490)	4.37	(3.8)
Isis Group	Sept	2,510	(940)	6.0	(5.0)
Jackson Bourne	Oct	205	(229)	2.0	(2.0)
Kingsrange Prod	Oct	806	(437)	—	(—)
Lon Merch Secs	Sept	8,320	(7,523)	0.75	(0.7)
Manfield Brew	Sept	4,010	(4,340)	2.25	(2.25)
Marston Thmpsn	Sept	5,130	(4,410)	0.7	(0.62)
Monk, A.	Aug	419L	(649)	2.0	(2.0)
Parkfield Group	Nov	581	(110)	1.2	(0.8)
Peel Holdings	Sept	2,400	(1,200)	2.75	(2.5)
Phoenix Timber	Sept	35	(358)	—	(—)
Plysu	*Sept*	2,300	(1,900)	0.8	*(0.63)*
Rothschild, J.	Sept	27,600	(30,000)	2.2	(1.5)
Siebe	Sept	11,020	(6,970)	4.08	(3.63)
Stone Intl	Sept	*3,020*	*(3,161)*	1.61	(1.46)
Swain, John	Oct	119	(131)	—	(—)
Thermal Sci	Sept	1,110	(265)	1.5	(1.0)
Triplex	Sept	440	(292)	2.0	(0.75)
UKO Intl	Sept	1,230	(1,350)	1.5	(1.5)
Unigroup	Oct	213	(37)	—	(—)
United Leasing	Sept	1,010	(2,020)	1.5	(1.4)
Victoria Carpets	Sept	543	(361)	—	(—)
Wassall, J. W.	July	9L	(12)	—	(—)
Wellman	Sept	142	(585)L	—	(—)
Wight Collins	Oct	547	(265)	1.25	(0.75)
Woodhead, J.	Sept	540	(325)L	—	(—)

(Figures in parentheses are for the corresponding period.)

* Dividends are *shown net pence per share* except where otherwise indicated. L Loss.

RIGHTS ISSUES

Daily Telegraph—To raise £5.6m *through a three new ordinary for* every four ordinary or preference shares at 50p.

Goal Petroleum—To raise £10.7m rights issue on *the basis of* one for one at 32p.

Hogg Robinson—£15m rights issue on the basis of one for six at 240p.

Lovell, Y. J.—£14m rights issue on the basis of one for four at 260p.

Peel Holdings—£17m rights issue on the basis of one for three at 365p.

Stormgard—£4.7m rights issue on basis of one for three at 15p.

Telfos—£2m rights issue on the basis of one unit for every 10 shares held at 200p. A unit comprises of two new ordinary shares, one preference share and a warrant.

Triplex—£2.7m rights issue on basis of one for two at 90p

Unigroup—£1.52m rights issue on basis of two for five at 52p.

Westland—£14.2m rights issue on basis of two for five at 60p.

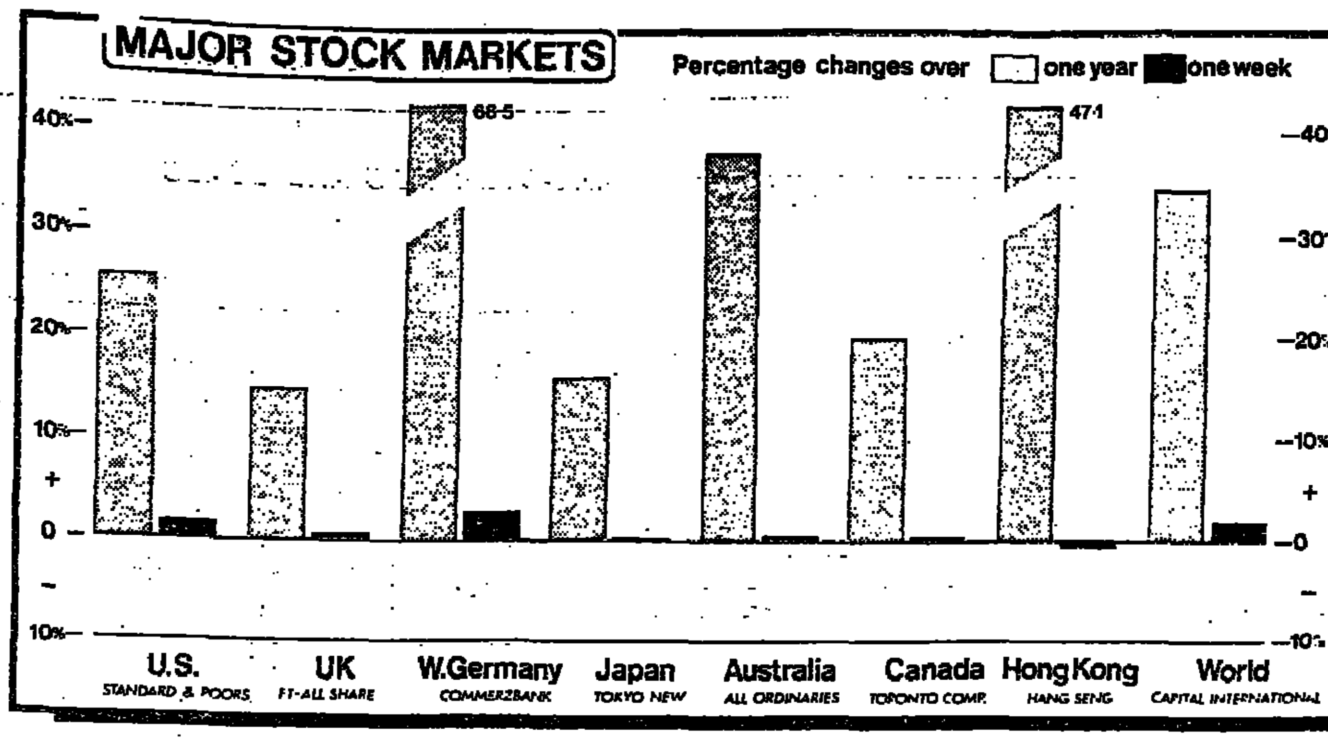
OFFERS FOR SALE PLACINGS AND INTRODUCTIONS

Granyte Surface Coatings—USM placing of 3.5m shares at 56p.

Norank Systems—USM placing of 1.6m shares at 90p.

Parkfield Group—Placing of 1,317,048 shares at 210p.

Speyhawk—Placing of 3.8m shares at 250p.



The unlikeliest boom of them all

IN MOST countries, stock markets tend to react badly when interest rates rise to record highs. inflation looks untameable. and the currency is under permanent threat. Add to this tax increases, a recession-inducing budget, a ferocious liquidity squeeze, rumours about tight exchange controls and jitters about the collapse in *the oil price (Mexico is a major* world oil producer and even more major foreign debtor) and the market should, in logic, be on the floor.

Throw in for good measure the greatest natural disaster in the country's history and what do you get? A boom.

The stock exchange in post-earthquake Mexico has breezed through record after record. Its 42 spot index has risen 180 per cent this year and fully 70 per cent since the devastating *'quake that hit Mexico City on* September 19.

The index started the year at 4,023, reached 6,759 on the eve of the 'quake and 11,400 last week. This prodigious jump compares with a total rise last year of 65 per cent and 1983's increase of 262 per cent—the best bourse performance in the world that year as the market recovered from the shock of Mexico's financial collapse in September 1982, impelled by a remarkable turn*around in the macro-economy.*

This year, the market also will be one of the better world performers. Allowing for depreciation of the peso of 115 per cent in 1985 the index's real gain, in dollar terms, has been over 55 per cent.

However, this improbable performance comes in a year that has failed to consolidate the early promise of the post-*1982 turnaround. The trade* surplus has been nearly halved and last year's $4bn current account surplus this year becomes a deficit. So, although it seems clear that Mexico's bankers and international financial institutions will put up another "jumbo" $4bn for a country that owes $96bn abroad, it looks equally clear that Mexico cannot continue to export $11-$12bn each year in interest payments.

Domestic indebtedness is out of control; Government calls on the money markets have pushed interest rates, as measured by three-month treasury bills, to an historic high of 75 per cent. The budget defcit has increased (probably to about 10 per cent of GDP, with the government *domestic interest bill alone* accounting for 8 per cent of GDP). Inflation, at an annual 60 per cent, remains the same as 12 months ago, but price control prevents many companies from passing this on to the consumer.

"This is what I keep telling people," says a stockbroker from one of the most profitable firms in the country. "But the market keeps going up."

The market is showing other signs of vitality beyond the *mixture of perversity and sheer* animal spirit that many analysts now are inclined to attribute to it. For instance, Latin-Casa, an associate company of Ericsson, the telephone and cables concern, has just launched the first new industrial issue (a secondary offering worth 2.4bn pesos) since before the 1982 collapse.

After a dull first half, the *market got up its first head of* steam late in July. Until then it had been restrained by Mexico's decision to buck falling world oil price trends which, in May and June alone, cost the exchequer more than $800m in lost sales. Parallel to this, the free market peso lost more than half its value against the dollar.

The dollar is, without doubt, the favourite investment instrument of Mexicans, who are estimated to have up to $30bn on deposits abroad. But now it has become very expensive, and the stock market is providing an attractive alternative source of asset against a depreciating peso.

In the six weeks straddling the July 24 devaluation (which

Mexico

was decided along with measures to liberalise trade, cut public spending, and align oil prices with the market), the index rose 28 per cent. Further, in dollar terms most Mexicans stock is underpriced; the total value of the market is only $3.5bn but the relation of *share prices to net worth is 34* per cent.

A range of other stimuli have helped to drive up the market. In September and October, treasury bills lost much of their attraction when the Government started artificially to fix rates in terms of its funding needs in a bid to cut its interest bill. Expectation of a post-earthquake con*struction boom drove up shares* in cement companies and in Vitro, the glass producer, with a virtual monopoly. Its share price has more than quadrupled this year.

However, Vitro, for example, already was showing a return on equities of around 13 per cent before the 'quake. In all, there are 32 companies in the market which have seen their profit and loss accounts improve this year by more than 100 per cent. Ultimately, this return to *profitability is the single most* solid reason for the market's performance.

Despite this, most analysts now expect the market certainly to slow down and probably to fall. The Government's continuing appetite for funds, despite assorted schemes to trim the public sector, is expected to keep interest rates high and money scarce; while profits should be hit if official projections of minimal growth are fulfilled.

To a rational person, interest rates staying high and profits turning down is bad news for a stock market; but Mexico is not one but several economies which have in common the ability to improvise. Gross domestic product this year might well turn out to have doubled its projections, once reliable figures eventually emerge, and not a few economists believe exactly the same thing will happen in 1986.

David Gardner

Proof that lies in the pudding

AFTER celebrating a premature Christmas early in December, the equity market this week began to behave like *a greedy schoolboy in need of* a digestive pause. The sudden lull that overtook trading on Tuesday was hardly surprising, given the surfuit of the past 15 trading days when the Dow Jones Industrial Average added a remarkable 100 points.

The question now is whether the enthusiasts have gobbled up so much so fast that they will not be able to move on to the plum pudding, or whether there still is some room to absorb a few more tasty morsels.

Some traders have no doubt at all that the experience of the past few weeks is just a prologue to greater things to come. It is not difficult to find forecasts of a further surge in the Dow industrial index to around 1,700, a figure which would have seemed like the wildest speculation back in the lacklustre days of August.

Investors appear to be taking such views seriously at the moment, quoting and reciting them in a way that would not be possible if the prevailing mood had not switched to a more positive footing than in the summer.

E. F. Hutton, one of the largest retail brokers in the US, spelled out the reasons for the optimistic case in its latest investment survey. *It advocated* moving to a nil cash position, advising clients to raise their equity exposure to 65 per cent from 60 per cent and their position in bonds from 30 per cent to 35 per cent.

The key to the change, it argued, was the international growth policy set out by James Baker, the Treasury Secretary, in the Group of Five meeting earlier this year and backed up by the efforts to force the dollar lower. Hutton adds that this initiative has been supported by the agreement in Washington on deficit reduction and says this breakthrough suggests the economy will be "able to sustain lower rates even as economic growth and corporate profits improve."

Hutton believes that these factors together mean an equity market driven by higher overall valuations because of the *decline in interest rates, along* with earnings growth in sectors benefiting from the economic cycle and the expansion in the world economy. It is advising clients to move more aggressively into major technology stocks, chemicals, drugs, selected retailers and ground transport companies; and says that stocks sensitive to interest rate declines — banks, savings and loans, insurance and financial services — also provide attractive investment opportunities.

Those contrarians who argue that the market has already bitten off more than it can chew tend to see the trend towards lower interest rates in a much less benign light. Rather than

Wall Street

a deliberate move towards promoting more healthy growth, they argue that rates are being shifted lower to respond to dangers that are threatening the financial system on every side —the third world debt crisis; the problems of the energy and real estate banks in the US; the *farming slump in middle* America$ and the awkward structural problems in which basic manufacturing industries in much of the developed world are being decimated.

More and more rea lestate lending problems, for example, are surfacing in the US as the vacancy rate in office buildings moves up: and the fall in oil prices, while positive for energy users, will put further pressure on a big slice of the US economy engaged in oil and gas production. With problems like these around, should the price/earnings ratio on the stocks in the Dow industrial average now be standing at around 16 against *under 11 just a year ago?*

The tug of war between these various forces has been much in evidence this week. On the energy front, for example, Sonat, an Alabama pipeline company, took a $179m charge, citing the "likelihood of continued softness in oil and gas prices." Meanwhile, in the banking sector, two institutions that have been faring somewhat better from the interest rate decline, Bankers Trust and Manufacturers Hanover, raised *their dividends; while Contin*ental Illinois was able to shed the special funding safety net established by a group of the leading US banks when it suffered a run on deposits 18 months ago.

Structural issues have been even more evident, as they have all year, with the corporate sector continuing to be battered by merger speculation and bid battles. Wall Street now concedes that a significant element in the rise in the stock market *indices has bene due to these* takeover struggles. They have forced up the prices of the targets, compelled potential victims to take evasive actions, and led to a steady decline in the amount of equity available to US investors

The impact of these takeover pressures was evident in a number of incidents this week:

- Anheuser-Busch, the large beer group, announced a new anti-takeover plan. (These have been proliferating at a rapid rate since a recent court judgment upholding the controversial "poison pill" device, which is designed to make takeovers prohibitively expensive and fiendishly complicated.)
- Shares in TRW shot momentarily through the roof on Tuesday, rising by $10 at one point before settling for a $4½ rise on rumours that the Ford motor group might be interested in it. A day later, there was speculation that Ford might be pursuing Honeywell or Sperry—*Ford is the only one of the big* three motor groups that has not yet made any diversification moves this year.
- Action rumbled on in two of the biggest takeover manoeuvres of the year — the proposed reverse bid for Union Carbide by GAF, and the *planned* merger of General Electric and RCA. Different in many ways, the two proposals have a common theme in that they are being presented as attempts to make more out of the US's resources.

Those who are enthusiastic about a resurgence in the US corporate sector see these moves as a necessary condition for strengthening the country's market position. Agnostics, however, make out a strong case *against continuing rationalisa*tion, arguing that much of it is not leading to any growth in assets at all.

Leveraged buyouts of the sort GAF is contemplating simply transfer ownership and usually substitute equity with debt, a trend that is increasingly bothering the Federal Reserve Board. The GE merger, add the critics, is an unimaginative use of funds. Here is a company with virtually no long-term debt large supplies of cash, and significant *technological* resources. Yet it is splashing out largely to buy protection from foreign competition in the broadcasting field and the defence business.

Typically, Wall Street is shrugging off *these longer-term* considerations. Union Carbide shares have strengthened a bit on the hopes of a takeover scrap after it launched an aggressive share buyback plan; and GE has been basking in glory for a bid in which analysts see very little risk and the potential for hefty earnings gains.

MONDAY	1553.10	+17.89
TUESDAY	1544.50	− 8.60
WEDNESDAY	1542.43	− 2.07
THURSDAY	1543.92	+ 1.49

Terry Dodsworth

IN THE NEWS

CHASE DE VERE has launched two new short term income bonds. One has one year term the other two years. Both pay the same rate of interest—a fixed rate of 9.7 per cent net or 13.86 per cent gross for a basic rate tax payer. Minimum investment is £1,000. Whether you invest for the one or two year Moneyline Guaranteed Income Bond will depend on how you expect interest rates to move over the next two years. If the trend is upwards then it would be foolish to tie up your money for two years at 9.7 per cent but if your view is that they will continue to go down then it might be a good bet.

However, the returns are less than those on offer from the Leamington Spa, Manchester and St Pancras building societies' one year term shares which pay 10.0 per cent net, 10.25 per cent net and 10.3 per cent net respectively. The Leamington Spa and St Pancras require high minimum of £2,000 and £5,000 respectively but the *minimum investment for the* Manchester Halley Share is only £500.

ARTHUR ANDERSEN, one of the leading international firms of accountants, has published its first guide to tax efficient personal investment. The 90-page book outlines the tax treatment of 50 kinds of investment broken down into six main categories. They range from National Savings Certificates and Income Bonds to such esoterica as antiques and collectors' items, racehorses and vintage cars.

Though Arthur Andersen makes no investment recom*mendations itself it emphasises* that no realistic comparison of the return on investments can be made unless, amongst other factors, their tax implications are taken into account. The guide, which covers tax affecting UK residents only, is available from the firm's Publications Department, 1, Surrey Street, London WC2 for £7.50.

Financial Services Bill

More protection for investors

THE Financial services Bill published on Thursday is the most important piece of investor protection legislation proposed in the UK for well over 40 years. It stands to increase substantially the scope of investor protection, bringing around 15,000 investment businesses and a dozen separate professional bodies within its net. If the rules which follow it are rigorously enforced, private investors will be able to sleep more peacefully at night than many can at present.

The essence of the Bill, a long and complicated affair, is that any one who conducts an investment business will have to be officially authorised—or face criminal penalties. A wide range of investments is defined, including shares and bonds, unit trusts, options, futures contracts and investment-type insurance policies — such as endowment or unit linked schemes. If you buy and sell investments as your business, or manage and advise others on their investments, you will have to be authorised—unless the advice is simply incidental to advice on other matters. An example might be a tax consultant who tells a client to sell shares for tax reasons.

The rules will be enforced by a formidable hierarchy of *regulatory powers. At the top* of the tree stands the Secretary of State for Trade and Industry who, along with the Director of Public Prosecution, will be able to prosecute criminal offences under the Bill. He in turn will delegate most of his statutory powers to a "Designated Agency" —almost certainly the Securities and Investment Board which is already established in embryonic form. For its part, the board will delegate *authority to self-regulatory* bodies like the Stock Exchange provided it is satisfied that their rule books fit the Bill.

Between them, these supervisors will have a whole panoply of powers to protect investors interests. The Secretary of State will be able to investigate anyone who appears to be carrying on an investment business, and the SIB will be able to probe any authorised business. Both will have powers to obtain documents, and to question the business and those people connected with it. In addition, the SIB and the self regulatory organisations will be able to make unannounced spot checks on authorised firms. They will have the power to prohibit the employment in investment firms of undesirable characters—and in extreme cases will be able to put firms out of business by withdrawing their authorisation.

***The big question concerns* the ability of the legislation to cope with the results of the great upheaval which is now under way in the City of London. This is creating financial conglomerates and a whole range of potential conflicts of interest which would be a nightmare monitor whatever system of regulation might be imposed. But for the retail customer — the private investor whose needs are relatively simple — the rules and laws proposed this week promise a great improvement**

There will be endless debate in the coming weeks about whether the Government would have done better to opt for a fully statutory system of control, rather than relying on self-regulatory bodies

The answer to that question is, to a considerable extent, a matter of politics. What really matters is whether the new regulatory framework *will attract the considerable* resources and the talent that will be required in order to make it work properly.

Richard Lambert

Authorisation by SROs. Investors will have to get to know a series of so-called self-regulatory organisations (SROs). The Stock Exchange is a familiar one that already exists, but there could be several new bodies including one for futures dealers (the Association of Futures Brokers and Dealers) and one for life assurance and unit trust brokers (the Life Assurance and Unit Trust Intermediaries Regulatory Organisation, or *Lutiro for short). Salesman* will have to tell their clients which SRO is responsible for them (or their firms).

Giving the right advice. There will be a "know your customer" rule which will mean that recommendations will have to be appropriate for an individual client's needs: no more hard-selling of tin futures to Aunt Agatha.

Disclosure to the client. Much greater disclosure will be required than before, and firms *will be liable for damages to* any investor suffering losses as a result of any shortcomings in this area. It will be a criminal offence to make a false or misleading statement in the sales pitch.

To begin with, a salesman will have to make it clear whether he is an independent broker giving unbiased advice or whether he is simply selling a particular company's products. This is an important issue in *life assurance and* unit trusts. It will also crop up in dealings in individual company shares, where there will be a clear distinction between those dealers acting as agents and those buying and selling for their firm's own book.

Investors will have to be told whether their business will be done on a recognised investment exchange, like the Stock Exchange (another exchange may be set up to replace the existing informal "over-the-*counter" market*). If not, they will have to be given very detailed disclosures about the price and terms of each transaction.

In fact investment clients will have to get used to being bombarded with documents, in *particular so-called "customer* agreement letters" which will formalise relationships and clearly set out fees, charges, and the capacity (such as agent or principal) in which the firm may act.

Soliciting business The rulebooks will extend to such fine details as the wording of investment advertisements—with special attention to those seeking money "off the page" through clip-out coupons. There will be further restrictions on or telephone calls by slick salesmen, who have been particularly active in the at present unregulated field of commodity futures. But cold-calling will still be permitted for life assurance salesmen whose products are subject to "cooling-off" provisions. And there will apparently be no restriction on unsolicited mail shots.

Salesmen telephoning from abroad have sometimes proved to be a nuisance. The new legislation makes it clear that any contracts with such operators will be unenforceable in the British courts.

Protecting clients' funds The Bill indicates that clients' money should be held on trust. This means that it must be kept in a separate account from the firm's own money, and that it may not be lent to the firm or to another client without proper authorisation. Some of the worst abuses in the fund *management business* have arisen from the way that unscrupulous or chaotically organised firms have used their clients' money for their own purposes.

The Bill also sets out require*ments for compensation schemes* —and the SIB intends to ensure that investors will be protected up to a limit of £30,000 per customer. The SIB will set up a centralised scheme, and individual SROs may either subscribe to this or have their own schemes

When things go wrong. The different SROs will be obliged to set up procedures to receive complaints from clients against their members, and investigate them. Strict disciplinary arrangements will be required. If a client cannot obtain satisfaction he may be able to go to an Ombudsman to be established by the SIB, although it will only be optional for investments firms to recognise the *Ombudsman scheme.* The Ombudsman will be able to grant an enforceable award to a complainant against an investment business. If the client is still not satisfied, he will be able to take the case to the courts.

What isn't covered. The Bill only covers investment in a number of defined areas. It does not cover the regulation of banks, building societies, friendly societies or insurance companies, except insofar as they undertake investment busi*ness as defined. It excludes the* Lloyd's insurance market, much to the annoyance of those who think that the 1982 Lloyd's Act has been shown to be inadequate.

Nor will investors be protected against sheer incompetence. The SIB wants to raise the standards of those engaged in investment business, and looks forward "eventually" to a comprehensive system of training and examinations. For the foreseeable future, though, investors will have no claim against the firm which follows all the rules—but honestly gives out rotten advice.

Barry Riley

Eric Short picks over the White Paper on pension reform.

Not more than two years, please

NORMALLY the reaction of the public to pensions is one long yawn and there is usually a similar reaction to the publication of a Government document.

But this week's long-awaited White Paper outlining plans for pension reform deserves better treatment than two yawns. For if enacted, it will alter the whole concept of pension provision in the UK.

Most company employees have little say in their pension arrangements. It is all done for them by their employers. Either they rely on the company for the bulk of their pension, belonging to the scheme as a condition of employment. Or they rely on the State scheme.

Norman Fowler, the Social Services Secretary, is proposing three major changes to this system aimed at reducing the State's involvement and expanding the private sector.

- He has reduced the pension benefits provided by the State Earnings-Related Pension Scheme (Serps).
- He proposes to make it easier for companies to set up their own pension scheme contracted-out of Serps.
- He proposes that all employees should have the right *to opt out of both Serps and* their company scheme and make their own personal pension arrangements instead.

These proposals have implications for all employees.

Employees' employers who adopt the attitude that the State will supply the pension will be in for a shock when the time for retirement arrives.

People retiring before the year 2000 are not affected. But those retiring after will find the ultimate pension cut. The Serps pension from that *date* will be based on 20 per cent of average earnings over a lifetime instead of 25 per cent of average earnings over the best 25 years. The combined effect on the total pension of basic *plus Serps is a drop of around* 20 per cent.

So the first bit of advice on the outcome of the White Paper applies to those employees and their employers who are relying on the State. Re-examine *your pension provisions and* consider taking out a company scheme/personal pension.

This leads on to the second major feature of the White Paper. An employer at present wishing to provide pensions for his employees, outside of Serps, has to set up a final salary-type scheme. Under this arrangement the pension is based on a proportion of the final salary.

The envisaged procedures for an employee taking out a personal pension seem straightforward enough. The minimum contribution will be fixed at the rebate on National Insurance contributions for contracting out—a rate yet to be decided but expected to be about 5.75 per cent.

The employee decides which personal pension scheme to take out. The White Paper widens the choice from life company *contracts (already a varied* spectrum of contracts) to contracts from banks, building societies and unit trusts.

Under the new proposals employers will be able to set up money purchase schemes that *can be contracted out of Serps,* just like the final salary system.

But the most important change is for employees to make their own arrangements for a personal pension scheme, outside of both Serps and company *provisions.*

The employer pays over the full National Insurance contribution to the Department of Health and Social Security which forwards the rebate for both the employee and employer to the investment institution.

Employees can contribute more than the minimum rebate. They *can try to persuade their* employers to contribute more. However the White Paper gives employers the right to make extra payments conditional on the employee paying more. These extra contributions are paid direct by the employer to the investment institution.

Mr Fowler proposes measures to ensure that employees are not given poor or misleading advice when buying personal pensions to ensure that they are not "ripped off" by excessive charges.

All these changes are in*tended to come into effect in* April 1988, so employees should think about their pension position in two interlocking stages. They need to take a long-term decision as to whether they want to rely on the State, be members of a company scheme or make their own personal pension arrangement. The White Paper gives some examples of the effect of the modified Serps scheme with personal pensions on various investment *return assumptions*—examples that will utterly confuse the average employee. The tables endeavour to show our estimates of the effect on straightforward situations.

If the employee intends to take out a personal pension when he is able, then he needs to consider whether he should *be putting any more into his* company scheme. The proposals allow him to opt out of his company scheme, but he cannot take his acrued benefits unless the employer agrees.

Most employers are not likely to allow employees *to opt out* until the changeover. But those employees changing jobs between now and April 1988 may well consider not joining their new employer's scheme.

Here is a dilemma. Normal pension advice is that delay means lower pension. But under the new situation positive decisions cannot be taken until all details of the new framework are known.

Employees able to opt out of their company scheme should *take out single premium—not* regular premium — self-employed pension contracts. It is not certain that there will be arrangements to transfer benefits from one pension plan to a new personal pension.

Full details of the personal pension scheme will emerge as the legislation goes through Parliament. Meanwhile, there is one item of overwhelming interest contained in the White Paper concerning taxation of personal pensions. *Part of the pension secured by* any additional contributions above the minimum can be commuted and taken as a tax-free lump sum.

So the way will be open for personal pension contracts to *be used to repay mortgages* under a pension mortgage scheme, just as self-employed contracts are used at present.

The prospect of pension mortgages for all employees is probably one of the most significant, and little publicised, features of the White Paper as far as the public is concerned.

The biggest uncertainty is that there will almost certainly be a General Election by April 1988. A Labour Government is pledged to unscramble these proposals.

ON JANUARY 1 a new deal comes into operation designed to make it easier to retain pension rights when an employee changes jobs.

The 1985 Social Security Act gives job changers three basic choices:

- Leave their accrued pension rights with the old employer's scheme.
- Take a transfer payment in lieu of this deferred pension and use it to buy rights in a new employer's scheme.
- Use the transfer payment to buy a special section 32 buy-out annuity from a life company.

The regulations to the 1985 Social Security Act have only just been published. But this does mean that the position on an *employee's rights* when changing jobs has been clarified, even if that position is extremely complicated.

Employees are likely to be bemused over the options available, though one hopes that company pension managers will set out the alternatives *clearly* to employees. *Unfor*tunately hte tendency is not to take much time and trouble over hte problems of employees leaving a company.

So in the New Year we will publish a series of articles deal*ing with what considerations* employees need to take into account when making their choice of options. They will discuss what the Act sets out, where it is deficient, and what good employers should do to *give a fair deal to employees* leaving their service.

EXAMPLES OF THE ANTICIPATED EFFECTS OF THE PROPOSALS

1 A single man aged 20 on April 1988. Earnings of £265 per week at that time. Works the full 45 years to retirement at age 65.	2 Women aged 20 on April 1988. Earnings of £265 per week at that time. Works for only 20 years during the time to retirement at age 60.
PENSION EARNED EXPRESSED IN 1988 PRICES	PENSION EARNED EXPRESSED IN 1988 PRICES
(a) Original Serps £154 per week.	(a) Original Serps £146 per week.
(b) Modified Serps £123 per week.	(b) Modified Serps £107 per week.
(c) Personal pension £167 per week.	(c) Personal pension £115 per week.
(d) Earnings at retirement £518 per week.	(d) Earnings at retirement £481 per week.

ASSUMPTIONS

Earnings increase by 1½ per cent each year over prices and each person maintains his earnings value.
Investment return on personal pensions is 3½ per cent over prices.
The woman gets credit for home responsibility under the modified Serps.

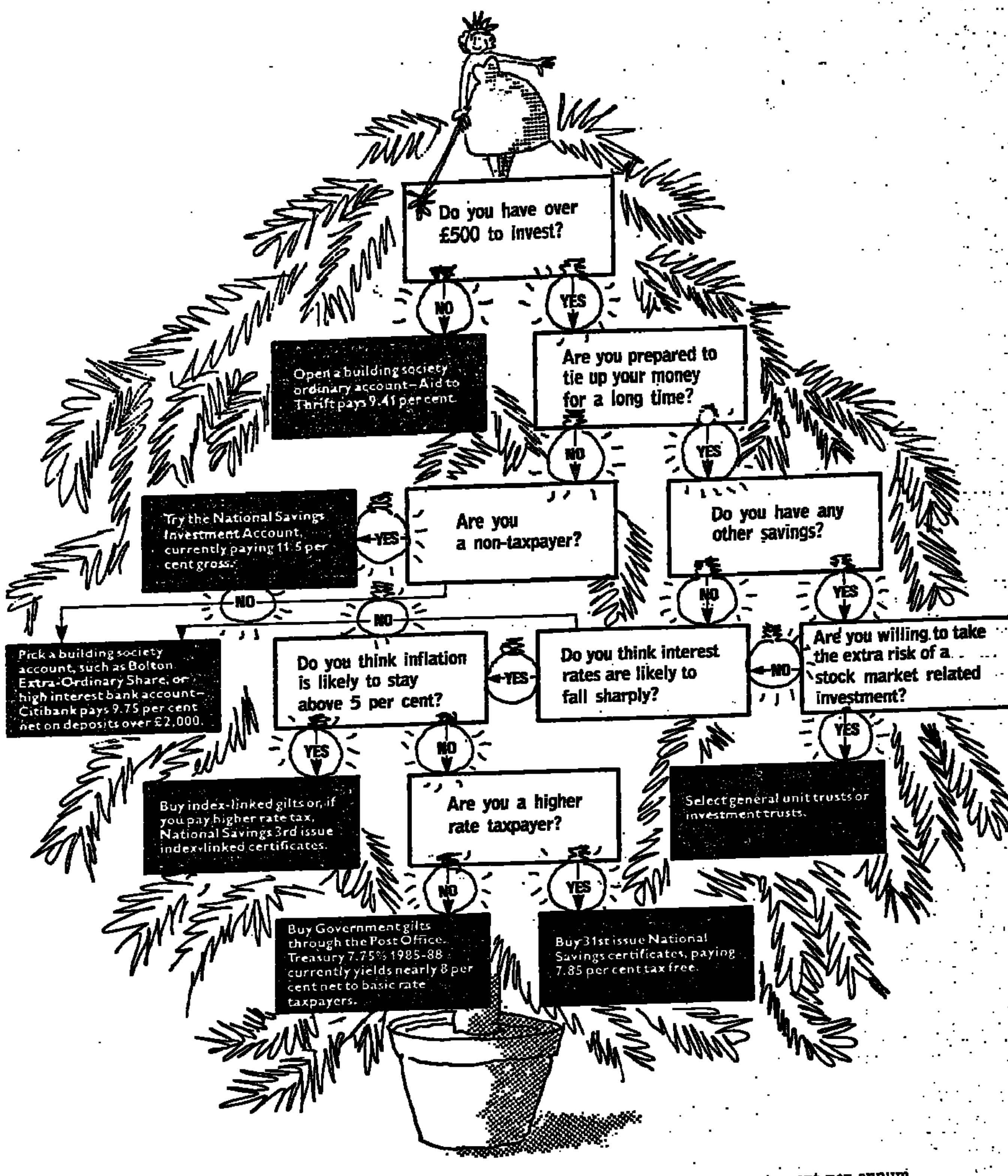
Back to where we started

AFTER A year of ups and downs in interest rates, savers have ended up more or less where they started. Bank base rates have had a roller-coaster ride, from 9.5 per cent up to 14 per cent, and back down to 11.5 per cent. For individual savers and borrowers, however, the ride has been smoother.

Borrowers now find themselves paying between 0.75 and 1 percentage point more for their mortgages than a year ago. Interest rates to savers rose more slowly and fell more slowly, and show a net gain of only 0.25 per cent over the year.

But with the final break-up of the building societies' interest rates cartel, there is more choice than ever for investors who are willing to shop around. The best of the small to medium sized societies pay between 0.5 and 1 per cent more than giants like the Halifax or the Abbey National. The banks, too, finally mean business with their money market or high interest cheque accounts.

The Christmas Decision Tree offers some ideas for those with a lump sum to invest in the New Year.



For smaller sums it is hard to beat the flexibility of a building society ordinary share account. Although most of the bigger societies pay disappointing rates of interest on their ordinary accounts, some of the minnows pay premium rates—despite having no minimum investment and no restrictions on withdrawals.

Top payer at the moment is Aid to Thrift, with an annual percentage rate of 9.41 per cent to basic rate taxpayers, according to the magazine Building Society Choice. Of course, Aid to Thrift is so small that you will not be able to pop into your local branch to make a withdrawal unless you happen to work near its head office in London's Finsbury Square.

Consistently attractive ordinary share accounts are also offered by the Wessex, based in Poole, and North London's Mornington. They both currently pay an APR of 9.31 per cent net.

Non-taxpayers do better from the National Savings Investment Account—the only deposit account that is now permitted to pay interest gross to UK residents — but at the cost of reduced flexibility. Withdrawals need a month's notice.

More flexible accounts are on offer for those with larger sums to invest. We have selected the Bolton Building Society's Extra-Ordinary Share, which pays a true rate of 9.83 per cent on sums above £2,000, or 10.36 per cent for those with over £20,000 to invest.

Citibank's Money Market Plus also offers excellent value: a chequebook facility for a minimum deposit of £2,000. It currently offers a compound rate of 9.75 per cent net—0.42 percentage points ahead of its closest rival among the high interest bank accounts, the Co-op's Cheque & Save.

For sums between £500 and £2,000, the Paddington Building Society pays 9.73 per cent net, with seven days' notice required for withdrawals.

Many investors taking a longer view now expect interest rates to fall sharply, and are looking around for ways of locking in current interest levels. For them, the choice lies between National Savings Certificates and gilt-edged Government stock.

For basic rate taxpayers, gilts such as the 7.75 per cent Treasury 1985-88 offer the best returns. Higher rate taxpayers should pick the National Savings 31st issue certificates, which pays 7.85 per cent free of all tax.

The same choice is presented to those who want to insure against inflation eroding their investments. Both index-linked gilts and National Savings' 3rd issue index-linked certificate will pay more to investors than their fixed interest counterparts if inflation stays above 5 per cent per annum.

Finally, we have suggested unit trusts or investment trusts for the more adventurous. UK general unit trusts have gained an average of 18.7 per cent a year over the last five years.

But the value of stock market investments can go down as well as up, and investors should beware of putting too high a proportion of their savings into this type of vehicle.

George Graham

The dilemma looks dismal

UNIT TRUSTS

AFTER two years of steadily losing their investors' money, commodity unit trusts are faced with a dilemma. Do they call it a day, change their trust deeds and start concentrating on another — preferably more general — area? Or should they struggle on trying to eke out profits in any way they can while waiting for an upturn among commodity shares?

Most of these funds — which can be anything from a gold or energy specialist to one spread more broadly across the range of hard and soft commodities—have chosen the second route, occasionally under pressure from their trustees. But a few have said that enough is enough.

Unitholders in Wardley's £0.2m Natural Resources trust, which has fallen 20 per cent over the past five years according to Money Management, voted recently to convert to an international growth fund. The £5m Arbuthnot Commodity fund, another poor performer, has merged with two other overseas funds to form an international trust.

Now, other management groups are considering throwing in the commodity towel; they fear that even if the units recover, this would merely spark a flood of sales by investors hoping to recoup the worst of their losses. Aitken Hume, for one, is considering changing its £1m Energy and Resources fund, which is down 31 per cent just this year, into an international growth trust.

Recent performance figures for commodity share funds—not to be confused with their offshore cousins investing in futures and physicals—make dismal reading. Only two are showing a profit over the two years to December.

During the past 12 months, the sector has dropped an average 18 per cent — second only to Australian trusts as the industry's worst group — with several funds declining by around 30 per cent.

They have been hit hard by the worldwide slump in commodity prices during recent years, as Third World countries have striven to alleviate their debt burdens by exporting raw materials when economic growth and demand in the developed world was lagging.

Just as some fund managers — not for the first time — were declaring that the worst was over, metal prices have been sent skidding again by the suspension of tin trading on the London Metal Exchange.

Fluctuations in exchange rates have made life even harder for commodity funds, since they are invested mainly in North America, South Africa, Australia and the Far East. Falling currencies in these countries this year may have boosted the earnings of raw material producers domestically, but the recovery in sterling has more than wiped out any gains for UK investors.

Most commodity funds have failed to prevent a run of net redemptions from unitholders. As a result, they have forced to liquidate often unmarketable holdings to meet sales, and now are pricing their units on a minimum bid basis. As Gartmore Gold and Commodity's manager Brian O'Neil puts it, "The whole thing has been bloody awful."

Fund managers have tried to limit the damage by lifting liquidity — sometimes to more than 10 per cent—and by what one termed "stretching the imagination" to include companies other than struggling raw material producers.

M and G Commodity, for instance, has 20 per cent in commodity traders such as Dalgety and Harrisons and Crossfield, and 12 per cent in "industrials" including English China Clays and Booker McConnell. Gartmore admits it has "cheated a bit" with its £3m Commodity trust by going for big holdings in Lonrho and other "commodity-related" stocks not affected directly by falling physical prices.

James Finlay World Energy, after being taken over by Atlanta in November, also is looking to loosen its strategy, moving from oils into domestically-orientated energy shares in the UK and Europe.

Special situations, particularly bid targets and exploration stocks have been a haven for some funds. These stocks are riskier, but they have more scope to shine in an otherwise dull market. Energy funds, weighted heavily in oil shares, have been the most successful here despite persistent concern over the oil price; the top four commodity trusts over the past year are all energy specialists.

Gartmore's £1m Oil and Energy fund, the best performer over three years with a 55 per cent return, has lumped 15 per cent of its portfolio in high-flying Invent Energy and Trident Energy, both with drilling interests in the Paris Basin. According to manager James Rogers: "You have got to put your head out because it is difficult to make money in this sector."

The only commodity fund to break even in the past 12 months, Baillie Gifford Energy, similarly has picked a narrow spread—just 18 holdings—and has invested 30 per cent in electorial utilities in Europe, Japan and the US, as a "hedge" against falling oil prices.

Others, including Allied Dunbar and S and P, have gone for "asset plays" among US oil majors such as Amoco, Mobil and Texaco, hoping to benefit from corporate activity and restructuring in that sector.

The notoriously volatile gold trusts, because of their relatively restricted investment policies, have been hard-put to sidestep the fallout in the gold sector. With inflation at a low ebb in the US and Europe, few managers are predicting a major advance in the gold price: "Recovery may be a long and hard struggle," says Paddy Linaker, who supervises M and G Gold and General.

Traditionally, commodities (especially gold) have been seen as a safe refuge when other sectors are tumbling, perhaps because of political uncertainties or speeding inflation. But the "crisis" theory is of little comfort to those who invested in commodity shares in recent years.

Martin Winn

COMMODITY UNIT TRUSTS

BEST	%	WORST	%
Performance over one year			
Baillie Gifford	+3.3	Schroder Gold	−33.3
Gartmore Oil & Energy	−1.4	Gartmore Gold	−33.1
J. Finlay World Energy	−4.3	Britannia Gold	−29.3
County Bank Energy	−8.2	Target Gold	−28.2
S&P Exploration Fund	−9.8	Tyndall Nat. Res.	−26.8
Performance over five years			
Target Gold	+79.7	Britannia Uni-Energy	−44.4
Target Commodity	+12.1	Target Energy	−35.4
M & G Commodity	+10.9	New Court Energy	−35.2
All. Dun. Met., Min & Comm.	+8.5	A. Hume Energy	−29.9
Gartmore Commodity	+3.3	S&P Exploration	−27.2

Offer to bid, net income reinvested. To December 1. *Source: Money Management*

Fraud

Guilty, but gone for good

TWO YEARS ago, David Langford, a licensed dealer in securities, kissed his wife, said goodbye to his two daughters and left his comfortable detached house in Chiswick to go to work. He did not come home.

The following day, some of his property was found on a cliff-top at a notorious suicide spot called Daddyhole Plain, just outside Torquay. A few days later, a car-park attendant in Exeter reported to the police a car that had apparently been abandoned. A check revealed that it belonged to Langford.

Anxious investors and clients began ringing his office. When they found he was not there, some travelled to London to find out what had happened to their money.

Within a few days it became obvious that Langford had gone for good. The police were called in. He had been reported as missing by his wife, and after an examination of the books and papers in the office his name was circulated as a wanted man. His business had collapsed, there were a large number of inexplicable gaps in his records, and a lot of money was missing.

On November 29 this year David Langford was sentenced to 12 months imprisonment, having been found guilty, with a co-director John Scott, of offences relating to the running of an earlier company, and having pleaded guilty to offences relating to the company from which he had simply walked away.

The story of David Langford raises a number of questions about those responsible for regulating the financial industry.

Langford and Scott had previously operated an investment company called Quane Investments. Langford was licensed to deal in securities and he offered his services to those who wanted to invest in some of the less speculative areas of the investment market.

One of the schemes they operated was a system known as "Bond-washing," whereby a client's funds were used to buy a yearling local authority bond. These bonds carried a fixed rate of interest and matured annually. Being offered by local authorities, they were perceived to be a highly secure form of investment and offered a good rate of yield.

Under Langford's scheme the Bonds would not be held for the full year, but would be sold after about six months. The return was about half the annual return, but the proceeds could under the Revenue regulations then in force be treated as a capital gain rather than income. It appeared to represent a valuable investment opportunity for investors who paid above the standard rate of income tax.

Through this and other schemes, Langford was able to attract the sort of people who might otherwise have thought twice about placing their considerable savings with a licensed dealer. Some clients placed their entire portfolio in his care. These were often people who had inherited the portfolio and did not have much experience of handling shares or securities.

Quane Investments was subsequently wound up on a petition from an unhappy investor who found that he could not get his money from the company. During winding-up, the methods of trading adopted by Langford and Scott were reported to the Department of Trade and Industry, who started an investigation into the way the company had been managed.

And then a strange thing happened. Langford had previously registered another company, Langford Scott and Partners, and while under investigation for financial mismanagement and possibly fraud, he was granted another licence to deal in securities by the DTI. Tis enabled him to continue to take clients' money and deal in securities.

This he did using the same methods as before. He conducted portfolio management and bond washing, and started a traded option service; he also published a weekly newsletter containing his views on the performance of various shares and recommending various options for investment.

The great problem was that Langford did not maintain a segregated bank account for his clients' funds; indeed, he was not required to. The money was inextricably mixed with his other company funds. After the failure of a series of share reconstruction attempts, he found his overdraft getting bigger and bigger. Clients were clamouring to be paid their earnings from their local authority bonds. Langford was attempting to attract as much money as possible from clients to provide the cash flow needed to pay his other debts, in the hope that things would get better. Towards the end he was literally robbing Peter to pay Paul.

His last clients got absolutely nothing. They parted with their money and received fraudulent contract notes showing local authority bonds being purchased in their name, but the bonds were never bought. Some bonds were sold, with Langford pocketing the proceeds, while the clients were sent fictitious contract notes showing others being bought.

Inevitably, the day came when Langford realised that he could not continue and he walked out, leaving the whole sorry mess behind him.

How can the public protect themselves from the predators of this kind. After all, those people who invested their money with Langford might reasonably have believed that they had taken such steps as they reasonably could to protect themselves. He was licensed by the very government department whose duty it was to ensure that the regulations governing investment advisors were adhered to, and he was offering a supposedly very conservative investment scheme.

The following points should be considered:

- Never give money to a faceless voice on the telephone; the government has not specifically banned "cold-calling," though it is believed that the practice will not be tolerated under the codes of practice being formulated by the self-regulatory organisations;
- The best place for unsolicited investment circulars is the waste paper bin;
- If you are considering an investment offer, find out as much information about the company as you can. Have a look at the published accounts.
- Establish whether the investment agent or company is a member of a self regulatory organisation such as NASDIM, or in the case of futures or commodities, the AFBD. If it is not a member, ask why. If it claims to be a member of an organisation you have never heard of, find out what it is, and its address. The Securities and Investments Board will have information of all recognised self regulatory organisatons.
- Make sure you understand exactly what you are committing yourself to, before you sign anything. If the salesman appears to be reluctant to take the time to explain matters to your satisfaction, he appears to be rushing you into a decision, do not deal with him.
- Before you finally decide to go ahead with an investment which might involve parting with thousands of pounds, obtain independent advice, from a solicitor or accountant. They will be able to check the background of the company and the scheme on offer. If you are thinking of investing thousands, doesn't it make sense to spend a few pounds on good advice?
- Remember that off-shore companies and investment schemes are outside the jurisdiction of the British police and courts.
- Never put your family's future as risk. If a salesman insists on emphasising the risks involved in the investment you are considering, then take him at his word and don't risk it.
- Only spend what you can genuinely afford to lose in a speculative scheme. The greater the profit potential, the greater the risk.
- If a scheme sounds too good to be true, it probably is. You've worked hard for your money. Don't throw it away.

Rowan Bosworth Davis

Make retirement a ten-year plan

YOUR MONEY IN RETIREMENT

FIVE years ago only 5 per cent of people entering retirement received any form of advice or counselling. Today, although 25 per cent of the British electorate are over the age of 50 and living on some form of pension, the number receiving advice has probably only increased to 10 per cent.

Many employers offer some kind of financial advice to retiring employees, but this is usually too little and too late. Effective financial planning for retirement should begin at least 10 years before the date of finishing work. For most employees the biggest decision will be whether to commute their pension and put it in an inflation-resistant investment.

If their employer does not guarantee pension increases during retirement, this may be a wise course of action, but one that brings its own problems. Many people do not know where to turn with a large sum of money to invest. Their employer may suggest a consultation with the company's financial adviser, or the employee may go to his bank manager. Alternatively he could enrol in one of the retirement planning courses run by the financial institutions.

Most financial advisers are in the business to encourage clients to invest with them, or other financial institutions from whom they earn a commission. A person looking for retirement advice must be certain the advice offered is impartial.

The best solution is to collect a list of licensed dealers from the National Association of Securities Dealers and Insurance Managers (NASDIM) or the Department of Trade and Industry and then make several personal visits. There is no such thing as a free service, so check how the adviser is being paid. A combination of payment and commission is acceptable.

Financial advisers who offer to manage your money should be able to provide more than just insurance, and ideally should have some connection with the Stock Exchange. It will be up to the individual to define objectives for the money, but like a financial GP, a good adviser should be able to prompt questions and explain any problems.

A pre-retirement course gives a good basis by outlining the investment vehicles available and itemising advantages and disadvantages. Such courses are too brief to give any solutions, but they demonstrate options open to them and how to find out more about them. In the same way these courses explore the whole concept of retirement and attitudes to it.

The stated objective of courses run by private, independent retirement consultants, such as DPS Consultants and Millstream Ltd, or those organised by the government-assisted Pre Retirement Association, is to stimulate people to go on being active members of society after retirement.

Ideally couples should attend such courses together as retirement may have an unexpected effect on a marriage. DPS Consultants discovered from their group discussions that most couples only talk to each other for between one and two hours a day. As they will spend a lot more time together during retiremen, they may need to reassess their roles. A good retirement counsellor, encouraging couples to talk about their hopes and fears. Many retiring people may wish to take up a part-time job, or to set up their own business. DPS Consultants, Millstream and Pre Retirement Association have lists of contacts to help retired people who want to work. A course should also include information on small businesses and enterprise schemes. DPS encourage people to use their skills by acting as part-time advisers, and suggest ways of adapting skills to new occupations.

Health is of course a major concern for retired people. Generally some form of private health insurance to supplement the NHS is recommended. As older people tend to need higher levels of treatment that does not require emergency admission, private health care can cut out months of misery wating for a place with the NHS. DPS recommend the PPP retirement health plan which is open to anyone under 75 years of age, with subscriptions starting at £10.80 per month.

Included in the health advice should be help on how to claim State benefits. Many people approaching retirement have no idea of their entitlements, so DPS have introduced a state benefits advisory service which assesses each individual's contributions and entitlements.

Accommodation is another aspect, when people ask: should I give up the family home and move into something smaller? This question has to be examined in the light of income and expenditure after retirement, and whether it is going to strain the resources to maintain and run a big house. Sheltered housing is one possibility for those who want the extra security without house or garden maintenance. An estate agency specialising in sheltered housing, Sheltered Housing Services, has opened in London.

Many people decide to pay off their mortgage when they retire, but while MIRAS is still available, it is advisable to keep a mortgage of up to £30,000, and invest the released capital to provide greater income. Interest-only mortgages are often available to retired people who cannot afford the full repayments; but this means selling the house to repay the capital on the death of the owner.

As the most important asset for many people, the house needs special attention in the will. By changing the ownership from joint tenants to tenants-in-common, you can avoid landing your widow or widower with a large tax bill. Instead CTT and CGT allowances can be used to pass assets on to relations without tax penalties. Drawing up the will requires expert advice, but a retirement adviser should explain inheritance trusts and other ways of mitigating death duties.

The retirement planning courses are not cheap. One day courses cost around £30, ranging up to £600 for a residential week. Employers usually bear the expense of the courses run by DPS Consultants, who also run in-house seminars for companies. The Pre Retirement Association run courses and seminars with Choice magazine with discounts to members. For the individual, adult education often includes retirement planning classes, and ITV is running a series on retirement planning on Fridays called "Eye to the Future."

DPS Consultants Ltd, 66, Preston St, Faversham, Kent ME13 8PG (0795 531472).

Pre Retirement Association, 19, Undine St, Tooting, London SW17 8PP (01-767 3225).

Private Patients Plan, PPP House, Upperton Rd, Eastbourne, East Sussex BN21 1LH (0323 641155).

Sheltered Housing Services, 5 Abbey Parade, London W5 1EE.

Millstream Ltd, Mill House, South Harting, Petersfield, Hants GU31 5LF (073085 7[illegible]).

Amanda [illegible]

Exemption from UK tax

BRIEFCASE

I was born in England and lived and worked there until recently, when I left my UK employers and came to live and work in Guernsey for a local company.

I shall be 65 in the near future, and upon retirement I do not intend *to return to* the UK. I shall either remain in Guernsey or take up residence in Portugal.

I have no assets in the UK, nor any income arising there apart from a war disability *pension* (which is exempt from tax both here and in the UK), a deferred pension *from my previous* UK employers which will commence on my 65th birthday, and an entitlement to a small graduated pension from the DHSS.

Will these latter two pensions *be liable for UK* tax and if so, how will the tax be assessed and collected?

As a resident of Portugal, you could claim exemption from UK tax on your pensions under article 17 of the Portugal-UK *double taxation convention*. There is no corresponding provision in the Guernsey/UK double taxation arrangement, unfortunately.

You will find general guidance in a free booklet *IR20 (Residents* and non-residents: Liability to tax in the UK), which is obtainable from your last UK tax inspector's office. If you have forgotten the address, write to the Inland Revenue Public Enquiry Room, Somerset House, Strand, London. United Kingdom WC2R 1LB.

Leaking oil tank

Last December I noticed that the fuel oil tank of my boiler had a slight seepage so I ordered another tank which was delivered soon afterwards and placed next to my old tank.

I was then using the remainder of the oil in my old tank. This ran out in June so I changed the tanks over and ordered oil for the new tank. This was delivered on June 28.

Shortly after this delivery I noticed oil on the ground and on examination I found oil spurting out of one of the corner seams about 8in from *the top. I informed the oil* suppliers who promptly came and pumped most of the oil back into the tanker.

I sent a letter to the tank suppliers to inform them what *had happened. They* sent an engineer on August 30 to weld up the leaking new tank and it *is quite satisfactory now.*

On August 31 I sent a letter to the suppliers of the tank claiming £134.50 to cover the cost of pumping out the oil, the loss of oil and cleaning up the mess.

The suppliers of the tank have now replied that as there *was a time lag of six months* between December and June and as their cash sale document stated that breakages/shortages must be notified within three days of receipt of goods they do not accept my claim.

Have I any means of redress?

We think that you may still have a claim if the defect was not apparent on ordinary visual examination. Moreover the suppliers' acceptance of responsibility to repair the tank might stop them from denying liability.

Landlord's dilemma

My wife and I are equal full-time working partners in our retail business. We also jointly own the premises concerned which are mixed hereditament.

We now find it necessary to retire sooner than we had originally intended. At the revised date of our retirement I shall be 64 but my wife will be only 58. While the nature of my ill-health is such that it *could almost certainly be* proved convincingly to the Inland Revenue, we fear that that of my wife (primarily nervous problems and chronic insomnia), although only too genuine in fact, might well *prove impossible to substantiate* to its satisfaction.

Is there any way in which we *can legitimately avoid paying* CGT on my wife's portion of the business premises and goodwill which we intend to dispose of as a going concern? *Would it be effective for my* wife to transfer her interest in the business to me immediately before the sale?

Unfortunately, any scheme to anticipate your wife's 60th *birthday* would almost certainly be frustrated, either by the 1985 legislation or on Furniss v Dawson *principles*. If *the* Revenue rejects your wife's doctor's judgment, she can appeal to the Special Commissioners (as an accountant will explain, if need be).

Daughter's mortgage

Recently I paid off my mortgage and was informed by a representative of the building *society that my daughter, who* is a student at university, could receive a loan to buy a flat, provided I acted as guarantor. In fact I would make the monthly payments as my daughter has no income apart *from a covenant which I made* out in her favour in September 1984.

***The building society* representative also stated that my daughter would be given tax relief on the interest payments.**

I wrote to the tax office over a month ago but so far have *had no reply.*

Presumably the fact that the building society is making the loan to my daughter and not to me makes a difference for tax purposes.

Would it affect the mortgage or tax relief if my daughter had a student sharing the flat and paying rent?

As you will have seen from the recent reports in the FT, there is a substantial backlog of correspondence in some tax inspectors' offices — so you probably will not get a reply to your enquiry for some time. You should however find all you want to know in two free booklets, which you can pick up at *your local tax office:*

IR11—Tax treatment of interest paid.

IR27—Taxation of income from real property.

We see no reason for not going ahead with the building *society's suggestion* on making a loan.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Settling the bills

An orderly way to pay

THE USE of direct debit as a method of payment has expanded fast, from 80 million transactions ten years ago, and *131 million in 1978, to 295.5* million in 1984.

The agencies sending the bills—public utilities, British Telecom, or charge card companies—all extol the virtues of this method of making payments. Much is made of the advantages to the consumer. But now that banks have revised their charge rates with the move to "free" banking there is in fact very little in it *for you.*

Until recently the banks used to charge far less for direct debits than *for standing orders.* But for those of us who do not qualify for free banking (ie have an overdraft) that is no longer generally true.

The National Westminster, which used to charge only 12p for a direct debit, against 29p for standing orders and cheques, has now rationalised *its tariff so that all debit* transactions cost 25p.

Barclays has also introduced a *single flat rate* of 29p, replacing the tariff whereby direct debits cost 15p and other debit payments 26p. Lloyds, which will not be switching to free *banking until March and* currently charges 20p for direct debit and 30p for standing *orders*, will also move to a flat charge, though a lower one of 20p.

The Midland, which used to charge 12p for direct debits, has also increased the charge, but will maintain a differential between automated payments, such as direct debits, and the non-automated such as standing orders—25p against 28p.

The banks are unanimous that, as far as their own *administration and costs* are concerned, there is little to choose between direct debit and standing orders. The pressure to use direct debits comes from the bill issuers, or, in bank parlance, "originators," for whom time and cost is considerably reduced, although they have to administer and monitor the system.

But they have control over payments. *With a standing* order the mandate to the bank *comes from consumers, and any* variation has to be initiated by them. With direct debits, consumers agree *to allow* the originator or service provider both to implement and vary the payment. The "originator" has to notify the customer of payments as they are made and give seven business days' notice of any alteration.

Queries must be raised within this period, which in practice is quite short, given the proclivity of many utilities to use *second class mail. And many* more people are questioning bills, following the tendency of several utilities, such as gas or electricity boards, to take less frequent meter readings and rely more on estimated *accounts.*

The whole system clearly relies on a good deal of trust *between the service provider* and customer. The banks lay *great stress on the* fact that they will only agree to a direct debit system for what they call "first-class" originators; and they point out that incorrect payments would be covered by their indemnity schemes.

While there may no longer be a cost advantage to the customer, direct debits do remove the hassle of having to remember to make monthly payments by cheque; but for such payments standing orders would seem to still be the better option.

Direct debits come in to their own for paying such variable *bills as for gas or* telephone, or for paying off monthly credit card balances. They do away *with the burden of remembering* to pay on time.

But the cost is losing overall control of financial transactions, which a large number of people are reluctant to do. When so much is done at arms' length there is a tendency to disregard the impact that automatic *increases* can have on carefully balanced family budgets.

Margaret Hughes

Executives who can't lose

SHARE OPTIONS

THERE IS no question that executive share options are a very good thing indeed—for executives. Whether shareholders should also celebrate if their company decides to set up a share scheme is debatable. In *any event, those who feel* unhappy enough to want to block a scheme face an uphill struggle.

The essence of a share option is that the option holder is given the right today to acquire tomorrow shares in his company, at *today's price.* In a conventional executive scheme, "tomorrow" can be any time during the period of seven years following the third anniversary of "today."

Since the option itself will *usually cost nothing, the lucky* executive gets the benefit of a one-way bet. If the share price rises during the period of the option he can buy the shares at the original price, sell them at the current price and pocket the *difference. Whereas if the price* falls, he simply allows his option to lapse and loses nothing.

There is always someone on the wrong end of a bet, and in this case, it is the company's existing *shareholders. If the shares do* well, and the employees exercise their options, shareholder ownership of the company will be diluted. Take the situation that options are granted over 5 per cent of the shares. From that point, the shareholders stand to reap only 95 per cent of future rewards while continuing to carry 100 per cent of the risk until the options are exercised.

The supposed quid pro quo for the shareholders is obvious. With the incentive of the options, *senior staff work harder* and the company's performance will improve. The consequent rise in *profits and share price* will more than compensate the dilution.

Whether the incentive effect really *is* as strong as this is very difficult to gauge. Furthermore, share options are not the *only possible form of share* incentive. Senior executives of a company with no share scheme are more likely to buy shares in the company.

This has the advantage of being double-edged. Unlike options, poor performance has its cost. Moreover, the sight of executives digging into their *own pockets may have a* salutary effect on investor confidence.

A case in point is Astra Industrial, an engineering company whose shareholders had the temerity to vote down a share option scheme in 1984 when the company's fortunes were at a low ebb. Recent press reports have *highlighted* the company's recovery potential and, as evidence, cited substantial share purchases by directors. In con*trast, the taking out of share* options by directors is never interpreted as an act of faith for the simple reason that there is no downside risk.

Given that shareholders may sometimes benefit from thwarting or at *least* modifying option scheme proposals, how likely are they to be able to do so? In theory, at least, share options are subject to more rigorous control than other forms of executive self-enrichment such as generous pension arrangements and golden handshakes. This reflects the recognition *that options actually eat into* the interests of the existing members rather than merely costing the company money. Hence, both the Stock Exchange and the various groupings of institutional investors have *share schemes policies which* aim to protect investors.

At the most basic level, the *Stock Exchange* insists that a quoted company can only introduce a share scheme with the approval of its shareholders. To allow them an informed decision, they have to be supplied with copies of the full rules of the scheme, or else these have to be on display *in the City of London for at* least two weeks before the vote is taken.

Almost all companies observe these rules, but the few that don't may get away with it. One public company wrote to its shareholders in September announcing a proposed share scheme. The letter contained only a potted summary of the scheme and there was no indication that the full text could be inspected. A shareholder complained to the Stock Exchange and is awaiting a response.

Leaving aside procedural fairness, the Stock Exchange rules have very little to say about the actual contents of a scheme, not even about the proportion of a company's share capital which can be *allocated. These more substan*tive issues are tackled by the Investment Protection Committees (IPCs) of the British Insurance Association and the National Association of Pension Funds.

IPC guidelines cover the maximum number of shares which can be issued (usually no more than 5 per cent of the total), the *maximum individual* entitlement and the categories of employees who can participate. If a scheme falls outside these parameters, the IPCs will usually advise those of their members who are shareholders to *vote against* the scheme. Most companies are now dominated by institutional holders to such an extent that IPC opposition offers the only realistic chance of a scheme being thrown out.

So if a small shareholder wants to demolish a scheme, his first move should be to check whether the proposals are in line with the IPC requirements. If they are, then the institutions will probably vote in favour and any attempted resistance is almost certain to be futile.

On the other hand, if the guidelines have not been followed the opposition may have a *chance. Large institu*tional shareholders will need to be consulted; they may be unaware of the deviations from the guidelines, and drawing attention to this may activate them.

The snag is, though, that those boards of directors which do not bother to fit in with IPC requirements are, by and large, those which feel least vulnerable to institutional pressure and least in need of institutional votes.

David Cohen

BRIDGE

CHRISTMAS greetings to all my *readers and (to parody Bing)* may all your finesses be right. I am often asked what card should be led from three to an honour in partner's suit, so let us deal with this problem.

Normally, the lowest card is correct, but there are exceptions. Your choice should be governed by the question: Which defender is likely to hold an honour in the suit? The following deal explains what I mean:

N
♠ A Q 6
♡ Q 7 3
♢ K 8 6
♣ K 10 9 5

W
♠ J 9 8 7 2
♡ 9 5
♢ Q 7 3
♣ 8 3 2

E
♠ 10 5 3
♡ K 4
♢ A J 10 5
♣ A J 7 6

S
♠ K 4
♡ A J 10 8 6 2
♢ 9 4 2
♣ Q 4

With North-South vulnerable East dealt and opened the bidding with one diamond. South over-called with one heart, West passed, and North said two no trumps. This encouraged South to bid four hearts, which became *the final* contract.

If South had bid no trumps, West's correct lead would be the three of diamonds; but as it was North who had indicated a guard in the suit, the correct lead was the queen. If West follows the advice he learned at his mother's knee, and leads the three, there now is no defence. East makes his diamond ten and can score his two minor suit aces, but with the heart finesse working South makes his contract.

If, however, West leads the diamond queen, the declarer is defeated—he cannot avoid the loss of three diamonds and the ace of clubs.

So, when you are faced with this problem, ask yourself: Where do I expect any possible honour in partner's suit to be — in dummy, or in declarer's hand?

The next example is even more important:

N
♠ 4
♡ K 9 7 3
♢ A Q 2
♣ J 10 9 8 5

W
♠ K 10 8 6 2
♡ 5
♢ 10 9 8 6 3
♣ 6 4

E
♠ A Q J 9 5
♡ 8 2
♢ K J 5
♣ A 7 3

S
♠ 7 3
♡ A Q J 10 6 4
♢ 7 4
♣ K Q 2

With North-South vulnerable, East deals and bids one spade. South overcalls with two hearts and you, sitting West, bid an obstructive three spades. North says four hearts and your partner (undaunted) goes four spades: but South persists with five hearts, which becomes the final contract. Now what do you lead?

Certainly, not a small card. You do not want your partner to obtain the lead. It might be vital for you to hold the first trick and see — or be told by your partner — what the right switch is. You are not going to make more than one trick in spades.

You lead the king and hold the first trick. Your partner drops the *knave*, a suit preference signal asking you to lead a diamond. Had he wanted a club switch, he would have dropped the five. Obediently, you switch to the diamond ten, and that seals the declarer's *fate. He is forced to finesse,* your partner makes the king and defeats the contract with the ace of clubs.

E. P. C. Cotter

CHESS

PROBABLY MORE serious errors have occurred on the fortieth move of a tournament game than at any other stage. A recognised *time limit* in international and important national contests is 40 moves by each player in two or two and a half hours. In a five-hour session, there is thus a move approximately every 3-4 minutes. "Approximately" is the operative word.

The usual pattern is for the opening dozen or so moves on each side to be made rapidly, as the players follow well-known *book variations.* Then the game becomes more difficult, as strategy is evolved for the main clash of opposing forces. At this stage, it is not uncommon for a player to ponder half an hour or more *over a single move, thus pro*viding source material for the legends of impervious chess-players motionless while the real world passes by.

In theory, players should allocate their clock time in a sensible manner, leaving spare capacity for unexpected surprises and critical positions. In practice, many squander precious minutes by agonising over marginal decisions. Then the *crisis occurs between moves* 30 and 40, as each side is left with only a few minutes for ten or a dozen moves.

It is exciting for the spectators, and many grandmasters can play very well under the most extreme time pressure; but occasionally the chess clock becomes the dominant factor.

Move 40 is thus the blunder blackspot. It may be made with the player's eye swivelling between the board and the trembling flag which marks the hour at the top of his clock. When the flag falls before the player has made his fortieth move and pressed his clock button, he has lost on time without appeal. In such conditions, won games are lost, mates are missed, defences crumble.

Experienced grandmasters are also aware *of a second* blunder-prone area. Following the control at move 40, the game is normally adjourned and continued later the same day. This gives both sides the chance to analyse the position in depth and plan far ahead. But at move 56 there is another time control and this can prove a snare when a player is tired by incessant analysis of a difficult adjournment.

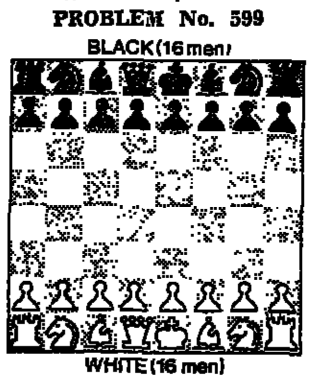
New FIDE regulations call for general sessions of six hour tournament play, with time limits of 40 moves in two hours followed by 20 in one hour. This is likely to further increase the fatigue factor at the second time control, particularly for older players.

It is far from clear whether six hour sessions will become acceptable in practice; they were intended for use at the recent world team championship in Lucerne, but the team captains voted at their preliminary meeting for a return to the former 40 in 2½ limit on the procedural grounds that this was envisaged at the time of the original invitations.

A classic instance of a major game decided by the ominous move 56 time control was in the 1978 world championship match, where Korchnoi missed a simple mate against Karpov.

PROBLEM No. 599

BLACK (16 men)



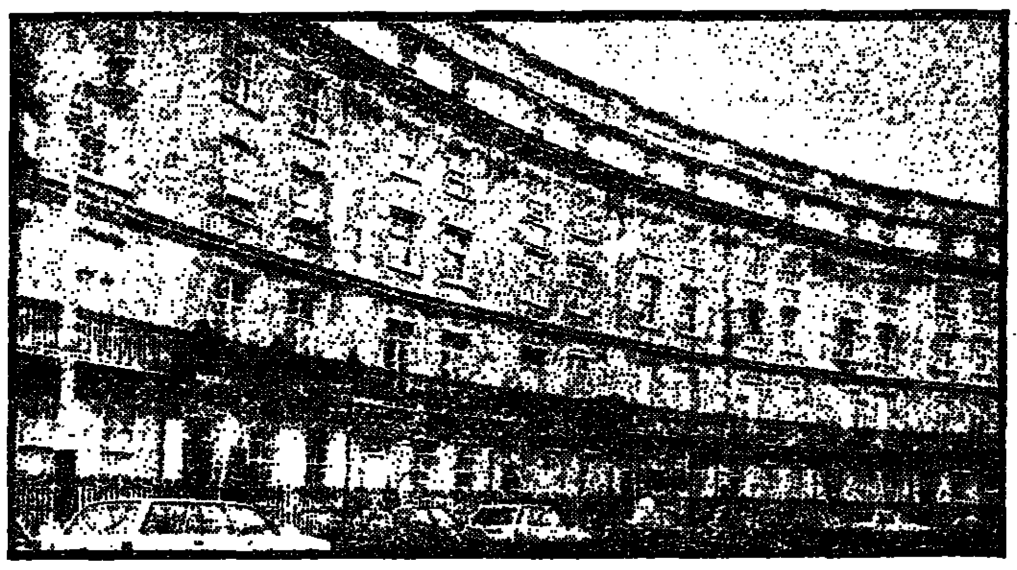
WHITE (16 men)

A familiar diagram to all chessplayers, and the setting for an unorthodox Christmas puzzle. Can you construct a game where White checkmates *on move six and where his* mating move is simultaneously a discovered check and an en passant capture? To make matters easier, White and Black co-operate in creating the final position.

Seasonal good wishes to all chessplaying readers.

Solution, Page XI

Leonard Barden



Wilton Crescent, SW1, where number 9, the 12-bedroom, 10-bathroom former Argentinian Embassy, is £3.5m through Aylesford and Knight Frank & Rutley, who are also offering number 18 at a similar price

Overseas buyers with the big money to spend

WHAT WOULD Central London estate agents do without the overseas buyer? Chestertons, one of the biggest firms, says that 42 per cent of Mayfair *residential property goes to* foreigners, and in Kensington and the area north of Hyde Park, the figure is only slightly lower, at 38 per cent.

The overseas interest has assured a thriving residential market in the caviar belt and even in other areas just a nibble away. A favourable exchange rate, relative security, plenty of cultural activity and the existence of a good amount of quality stock look like keeping the agents happy in 1986.

Strangely though, the expected invasion of the Americans, forecast last summer, has been a bit of a disappointment. So agents are to put on the *pressure across the Atlantic* in 1986, some of them even planning to sell househunting tours of London.

One of the big markets is with buyers of Indian origin. They have spent £12m in London *this year according* to Hampton and Sons, Arlington St, W1. The Indian ideal is a London base combined with sizeable capital appreciation, partner Linda Beaney says. They concentrate on new flat developments, particularly around Regent's Park.

A whole floor at Park St James is due to be finished next spring and the entire two top floors of five apartments at Crown Court, 123, Park Rd, NW8, the latest Copartnership Property Development Scheme, is also on the market. The flats *are not scheduled for completion* until the end of next year. Average price for two bedrooms, two bathrooms is £320,000 through joint agents Hamptons and Philip Andress, Duke St, W1.

Since 1981 Chestertons has identified the Middle East buyer as dominating the market, closely followed by Europeans and buyers from the Far East. The Far East group includes not only foreign nationals, but also the expatriate British buyer who is becoming more and more important.

"No longer are expatriates simply looking for a small pied-*à-terre. They want something* that is a good investment, providing a rental income with high capital growth," says Bruce MacEacharn of Chestertons.

Peter Kearon, of Knight Frank & Rutley, says his house index shows that the price of a typical Chelsea or Kensington family house has gone from £65,000 in 1975, to £450,000 in 1985, with overseas buyers making the running.

Only Sturgis and Son, in Sloane Street, Chelsea, appears to have missed out on the overseas scene. "One of the most notable features of this year's Central London residential market has been the comparative lack of foreign purchasers, particularly from the Middle East," says senior partner *Martin Sturgis. For his firm* only in the investment sectors has there been strong interest from the Far East in buying single units and whole blocks of flats for furnished letting.

"Demand has been predominantly local. The only Arabs in the market have been those who bought in the 1970s. They are now buying again." To meet the demand, Sturgis is opening a new office at 94 Old Brompton Road, SW7, next year. This will make their 11th London base.

Well-equipped converted flats in quite modest buildings are attracting enormous interest from both overseas investors and *UK buyers. At 33 Cranley* Gardens, SW7, on Henry Smith's Charity Estate in Kensington, four firm purchasers wanted the three-bedroom penthouse at £345,000.

The developers, Residential *Holdings, 7 Bunhouse Place,* SW1, asked for sealed bids, which resulted in a figure nearer £400,000. Other apartments in the £290,000-plus bracket will be coming up, complete with burglar alarm, video entry-phone and stereo system.

While at Westgate Land's conversion, The Oakleaves, Sutherland Avenue, W9, all 31 apartments went under offer through Brian Lack and Ben*ham and Reeves, on the same* day they were launched. Prices were £57,000 to £160,000, showing that in Little Venice, a bite outside the caviar belt, prices are not as ferocious.

The most expensive flats in London will certainly be those being built in Rutland Gate, SW7, overlooking Hyde Park. One figure under discussion is £6m for the largest unit of 18,300 sq ft.

In this square of large stucco-fronted houses built 1838-56 on the grounds of the Duke of Rutland's house, numbers 2 to 8 have been demolished. The new building, designed by YRM Architects and Planners, Britten Road, EC1, will reproduce the original facade in scale, proportion and detail.

The four apartments will each have five bedrooms and bathrooms, "discreet" staff quarters and their own swimming pool. The development, which is not being sold through estate agents, is said to be nearly all spoken for by those overseas wanting a London pad.

What to read:

For Americans buying and renting property in London, there is a particularly useful new booklet Living in London, produced by one of the relocation companies. It would also be of interest to anyone from overseas who reads English.

It helps to prepare executives and their families for what could be "a stressful experience for the uninitiated," says Simon Garnett, who will supply the guide for £6 from Homequity, Bridge House, Farnsby Street, Swindon, Wiltshire (0739 36211).

The Where to Live section sums up the delights of:

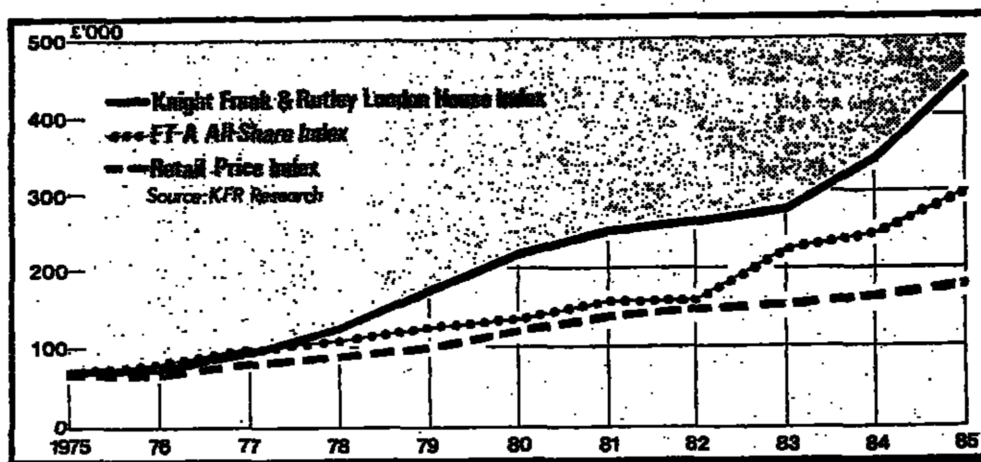
- **Belgravia**—expensive with imposing squares of white Georgian architecture mingled with pretty cobbled mews.
- **Knightsbridge**—full of impressive mansion blocks and town houses.
- **Chelsea**—rows of brightly painted terraced cottages, *boutiques and antique shops.*
- **St John's Wood**—high-rise flats overlooking Regent's Park, within comfortable walking distance of the Zoo and the American School.

Hampstead appeals to intellectuals, and Putney and Wimbledon have houses with big gardens. For those who want to be nearer the countryside, Northwood and Moor Park are only 18 miles to the north-west with good rail and underground links.

The vocabulary explains that the English equivalent of a faucet is a tap, the first floor is the ground floor, a janitor the porter, and a monkey-wrench a spanner. And where Americans talk about a toilet, bathroom or john, the British say lavatory or loo.

For long-stay assignments, visitors are advised to bring their refrigerators, presumably because "those in the UK are *considerably smaller than those* in the US," their cook-books to give a temporary dwelling "the flavour of back home," and strangely, a flour-sifter.

June Field



The movement of house prices in the Chelsea and Kensington districts of London, 1975-85

·TRAVEL·MOTORING·

A reindeer safari in Lapland

A world scrubbed clean

A FEW weeks ago I risked the wrath of fellow passengers during a particularly boring in-flight movie to raise a 747 window shade and look out. The view that greeted me was astonishing. An endless panorama of mountainous white snow-covered terrain was given *rosy tints and deep shadows* by a red sun low on the horizon.

Of course, being down there in that alien, if beautiful, environment, is rather different from looking down *on it from* six miles above the Arctic. But winter journeys to the snows rather than the sun, form a corner of the travel business which has its own enthusiastic following, and it is not as odd-ball as it may first appear. Often the areas involved, the Arctic and Antarctic, the mountains and the steppes, are among the few remaining territories relatively un-fouled by man.

If you are still not convinced then think in terms of pursuing lion and antelope in Tanzania and replace that thought with bears and elk in Yellowstone. I still remember with awe the great visual memory is seeing the huge herds of elk that *gather in winter not far from* Jackson, Wyoming.

The three basic ways of enjoying a winter snow holiday (forgetting for a moment all thoughts of skiing) are by sea, staying put in one scenic location, or actually venturing out into the white stuff.

Cruising tends to offer not only the greatest range of scenic delights — remembering that the further north you go the less daylight you are going to get—but also the opportunity of enjoying them under fairly *sybritic circumstances*.

Throughout the winter it is possible to buy space on the ships that ply the Norwegian coast for the Coastal Voyage *Service (Hurtigruten). With* good fortune and a clear night you should get some spectacular vistas of the Northern Lights. Travel later in the season if you want more daylight and thus a chance to see more of the coastal fjords. Prices for the 12-day trip range upwards from about £500 to a top price of just over £700 for a single cabin on an April cruise, but the prices include your air fare from the UK. (Details from Fred Olsen Lines, 11 Conduit St, London W1R 0LS.)

If you have a little more time and feel inclined to dig a little deeper into your pocket there are some spectacular cruises to the Antarctic this summer *(theirs)/winter (ours). The* World Discoverer sails on January 3 for a two-week trip that goes to various Antarctic stations and islands and promises not only superb scenery but an abundance of wild-life.

These cruises, and there is a longer, more elaborate one departing for three weeks on January 26, are of a very high standard. The ship only holds 140 passengers and there are rubber "Zodiac" boats on board to ferry passengers ashore for exploration and wild-*life* spotting. Prices for the two-week cruise ex-London range upwards from £4,745 and £7,130 for the three-week trip, including return flights to *Santiago. (Details from* Twickers Worlds, 22, Church St, Twickenham, TW1 3NW.)

Throughout the winter it is possible to take trips of various *lengths in Finnish reindeer* country, but it is in March as the winter moves on, the weather improves and there is a little more light, that you enter the real season of *reindeer* safaris.

A typical five-day/four-night trip involves a journey starting from Rovaniemi Airport with an *overnight in a local hotel*. Each participant of the groups which average about a dozen people, gets a sledge and his own personal reindeer.

Various trips are taken each day from the hotel, with time during the day being spent (and meals, sometimes of reindeer meat, being consumed) in "kota" tepees. You get your *reindeer driving licence, learn* to fish through the ice and try your hand at lariat throwing.

There are a wide range of *reindeer-oriented trips on offer* in Finland, many of them simple on day exercises. The five-day trip cost, last winter, FKr 4,250 (about £525), the Finnish Tourist Board in London (56, Haymarket, SW1) will be able to provide more up-to-date prices and a long list of organisations offering reindeer trips.

In both Finland and Alaska it is also possible to take snowmobile trips and safaris. I have divided views about snowmobiles. They are huge fun to ride but make an appalling noise.

Marlboro Adventure Holidays, which are operated for the cigarette company by Thomas Cook, offers husky sledging in Lappland as part of its winter menu. For £1,340 you fly to Kiruna via Stockholm and, after some training, embark on an expedition which is fascinating but, the organisers themselves point out, teaches you "how to survive in *an Arctic environment* and come to terms with this harsh fascinating world."

Somewhat less demanding are the winter resorts of Europe and North America which often provide a great deal more than skiing. In many of them, Seefeld in the Tyrol, for example, it is possible to go horse riding, or simply to walk on prepared paths.

There are several mountainous areas of North America which are well worth a non-skiing winter visit. Views of *the national park in Utah* (Bryce, Monument and Zion) and of the Grand Canyon take on a spectacularly different dimension when there is snow around.

However, many of the parks have very limited access in winter, so do not just roll up and hope to approach the Grand Canyon from the north, or Yosemite or Sequoia from the east. Air fares tend to be lower in the winter months and "winterised" cars easy to rent.

There is a great deal more to winter holidays than whizzing down the slopes or lazing on some sunny beach. There is a white world, scrubbed clean each year, often eerily quite *and plainly hostile*.

And at the end of every day there is the prospect of that near ultimate of relaxing pleasures — the windows shuttered against the snow, the logs crackling on the fire, and good company around the table. Here's to the winter wonderlands.

Arthur Sandles

Forewarned on winter's woes

AS LAST month's early cold snap reminded us, real winter *weather with its problems* for car users cannot be far away.

So many of the problems are avoidable with a little forethought and care. The car that *is difficult to start now because* the battery is failing (or is not being charged properly because of an electrical fault) will refuse to go at all when the temperatures drop below zero.

In real terms, batteries have never been cheaper than they are now. If you are suspicious of your battery or charging *system, have them checked. And* if they are not given a reasonably clean bill of health, buy a new battery, have the charging fault attended to or if necessary *both. You will have to have it* done in the end so why wait until you are stranded in a car park while your evening meal goes dry in the oven?

*Unless one of the tiny elec*tronic widgets develops some arcane malady, fuel injection systems seem very reliable. Carburetters, too, cause few problems *if* the car is serviced properly. If it is not, the fuel system is the second biggest cause of failures to start or breakdowns after the electrical system.

Garages are falling over themselves to service cars, often without making an appointment and on the menu pricing system. This way you know exactly how much the job will cost before you take the car in and can wait while it is done. Alternatively, call Home Tune—the local number will be *in Yellow Pages*—and have a skilled service performed in your own drive at moderate rates.

Modern oils of 20W/50 specification, like Castrol GTX, provide miracles of lubrication all year round. The drag they cause at very low temperatures should not be enough to create *starting difficulties* if engine and electrics are in good condition. There may be some advantage in switching to an even thinner oil such as BP Visco-Nova of 10W/40 specification. These oils put less load on the starter and will even save fuel, especially if many of your journeys are short, but find out if they are suitable for your car. Not all car manufacturers approve of 10W/40 oils, though they use them when putting their products in for the official fuel economy tests.

Extreme damp causes starting problems, too. Cracked high-tension leads should be replaced. If an engine will not start on a dripping, muggy morning, spray the ignition leads with WD-40 or similar preparation that drives away *damp. Never keep grinding* away on a starter, hoping for the best. If the engine does not fire after 15-20 seconds or so, all that happens is that you *flatten the battery and flood* the cylinders with petrol. If it refuses to start on choke, push the choke in, gently press the accelerator pedal on to the *floor and spin the engine on* the starter again with the throttle wide open.

That will dry it out a bit and it may well start.

Never try to start a car with the headlamps and rear window demister on; the starter motor needs every amp the battery can provide.

The cheapest and most valuable winter motoring aid is a soft brush. No Scandinavian motorist, who has to cope with snow for months on end, would *be without one*. Use it to clear snow off the windows before you scrape the frost away. Also sweep snow away from heater vents, bonnet and roof — it will obscure your vision and perhaps interfere with someone else's as it blows away while you drive.

Now is the time to add anti-freeze to the screenwash (and have the coolant system checked at the same time, not when the cold spell has started. Frozen screenwash pipes can be very difficult to clear. The best additive, I find, is methylated spirits. Two parts of water, one of meths and a tiny drop of washing-up liquid will not smear the glass and stays *unfrozen at the lowest temperatures* we are likely to get here. Under no circumstances use radiator anti-freeze in the screenwash; it will ruin the paint.

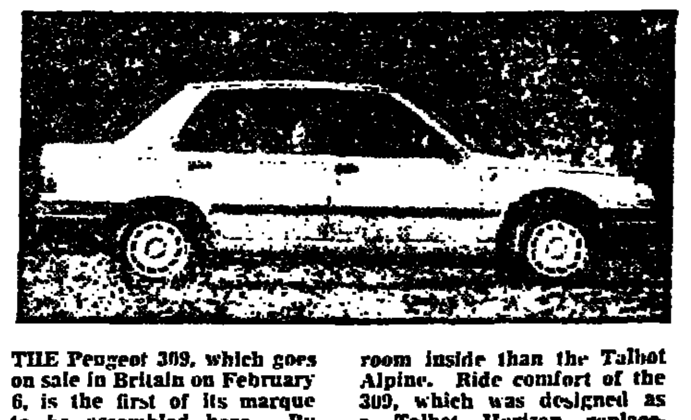
Driving on snow and ice causes trouble simply because we are not used to it. The basic rule is to keep going, especially on hills, because once you stop you may well be stuck. Lowering tyre pressures does not help now that virtually all cars have radials, so leave them alone.

Are winter tyres worth buying? Probably not, unless you live in an area of high snowfall, and only in the most exceptional cases is it worth investing in a set of studded tyres such as the Scandinavians use to keep going on snow that has packed down into ice. All-season tyres, with a bolder than normal pattern but suitable for year-round use, are becoming popular in Northern Europe and can be specially ordered here. Ask a tyre specialist. *Semperit, the Austrian* rubber company, has just introduced an all-season tyre called Top-Grip. It is said to provide 19 per cent more traction and *braking on snow and ice*, yet run quietly and wear normally on dry roads. Deep, razor-thin grooves in the specially compounded tread make it stay flexible in very low temperatures.

For emergency use in snow (or, for that matter, on sand or in mud) the Norwegian-made Snowgrip is useful. It springs into place on the tyre, providing four steel lugs that will help the car haul itself out of trouble. A pair costs £52.90 from Tanfield Ltd, Horsham (0403 61393). For continuous driving on snow or ice, Tanfield has the Yeti snowtread from Switzerland. It looks like a conventional chain but is far less *of a struggle to fit and may be* used at up to 30 mph on dry roads. The Swiss approve it for use on passes where cars without chains are prohibited. Prices *start at £77.62 a pair.*

Use minimum acceleration and as high a gear as possible on snow-slippery roads to avoid wheelspin. To make a rear-drive car restart on an icy hill, try applying the handbrake partially, releasing it only when you get moving. It works in the same way as a limited slip differential.

Stuart Marshall



THE Peugeot 309, which goes on sale in Britain on February 6, is the first of its marque to be assembled here. By end-February it will be leaving the line at Ryton, Coventry, at the rate of 1,000 per week. There are seven models, all with the same attractive five-door hatchback body and a choice of three engines — 1.1 *litre, 1.3 litre* and 1.6 litre producing 55 bhp, 65 bhp and 80 bhp respectively.

The base 309 GE has a *four-speed gearbox* but all the others have a five-speeder. Trim and equipment levels vary from the GE's simple but not austere to the SR's comprehensive and quite luxurious, with central locking doors and tailgate, tinted glass and four speaker stereo radio/cassette as standard. All 309s have load adjustable halogen headlamps, interior fuel flap release and intertia reel belts front and back.

It fills the gap between the 205 and 305 and, despite its compact exterior, *has more room inside than the Talbot Alpine*. Ride comfort of the 309, which was designed as a Talbot Horizon replacement, *is of Peugeot's traditional excellence.*

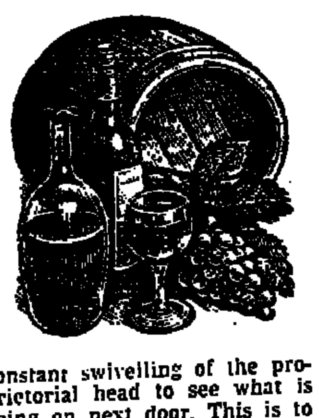
Steering is fairly low geared, the transmission is silent and wind noise subdued at motorway speeds. The 309 could be thought of as a stretched *205, incorporating features of the VERA experimental economy car*. This is particularly so in the case of the 309 GR Profile. *Aerodynamic aids, narrower than* standard tyres and very high gearing give it almost 60 mpg economy at a constant 56 mph.

Later in the year a 1.6 litre fuel injected high-performance version and a diesel will be added to the range.

Prices will be announced shortly before the 309's UK debut. But Peugeot is confident of substantial sales to business fleets and is aiming the 309 at present-day buyers *of Ford Escorts and Orions.*

Wine

A buck passed before a bottle



REPORTS indicate that the 1985 vintage almost everywhere in western Europe was of fine—in some cases, perhaps, exceptional—quality. But is that welcome news?

It is not that anyone looks hopefully for a bad vintage (as Mr Mountchesney, in Disraeli's *Sybil*, expressed his enjoyment of "bad wine"). Yet, a moderate-to-poor year, such as 1984 in some areas, does provide a certain respite from the problems of selection and prompt payment that now seem to follow so quickly on a successful vintage.

Until about 15 years ago, it was possible to note with pleasure the fragmentary news that it had been "a good year" in Bordeaux, Burgundy or Germany and then, as it were, to turn over to go to sleep again. For you would not be called on to consider, let alone buy, these wines until they were in bottle and were also available for sampling and delivery here in Britain.

Today, we are expected to choose—and pay for, at "ex-cellar" prices—wine that might still be fermenting in the cask.

This largely is because no one, from grower to retail merchant, can afford to tie up capital longer than necessary. Also, the development of the investment/speculation market in "futures" has encouraged early buying, particularly of claret. So, the buck is passed to consumers—a good deal ahead of the bottle.

Of course, no one has to acquire, even on a very modest scale, every "good" vintage; and many of us, for reasons of cash or accommodation, do not. Yet, later on we usually regret it.

I remember the shock in 1964 when the 1961 clarets first were offered at prices more than double those of the esteemed 1959s. Many people refused to buy; yet, 1961 turned out to be a vintage not yet equalled.

Take the 1982 clarets, now greatly increased in price from their opening offers two and a half years ago: too late to buy most now. The 1983s have advanced less in price and are still available on traditional merchants lists. Some, particularly among the Margaux, are considered superior to the 1982s. Those people who have not represented this vintage reasonably well among their reserves should not fail to do so, and soon.

Nor should the 1984 clarets be missed, many of them undervalued (if unreasonably overpriced) by some *châteaux*. As more than one extensive tasting in London has shown, the better Médocs and Graves, while not great wines, have considerable quality, and could come in very useful some years hence, before the 1982s and 1983s are ready.

They were not bought widely by British merchants; but several did so including Averys of Bristol; Corney and Barrow of London, EC2; the Hungerford Wine Co, of Hungerford, Berkshire; and Lay and Wheeler of Colchester. Their advice is worth seeking.

This surely is the season for replenishing the cellar. Among other French wines for laying down, no burgundy drinker should miss the 1983 reds and whites (not least because the 1985s will be dearer, as discussed in my last article); nor the 1983 red Rhônes and the leading Alsace wines of the same vintage.

The fine 1983 estate wines of the Moselle and Rhine are the best since 1976; and although the 1985s already are spoken of very well, the short crop — less than one-third of 1983 — must mean higher prices. Finally, the 1983 vintage ports look like turning out to be the most serious vintage since 1977.

While the 1984 red burgundies are, in general, disappointing, the whites are much better and should be considered, especially in view of the disastrously small 1985 crop in Chablis. And although excellent wines were made this year in the Rhône and Alsace, neither probably needs to be included in our buying budget for 1986.

This brings us to the difficult question already hanging over the 1985 clarets. There is little doubt about the fine, perhaps outstanding, quality of the wines; and this will be clearer in two or three months when the *châteaux* have made their blends for the *grand vin* that will bear the *château* label.

The difficulty is over the likely trend of the opening prices, for some ugly rumours from Bordeaux suggest substantial increases. One *château* is said to be considering a 50 per cent increase on the already over-priced 1984.

Unfortunately, Bordeaux is going through a bad attack of an affliction I had hoped might be rare after the Rothschild neighbours at Lafite and Mouton came tacitly to terms when the latter became a first-growth in 1973. The symptoms include a constant swivelling of the proprietorial head to see what is going on next door. This is to ensure that your neighbour does not get away with offering the latest vintage claret at a centime more per bottle than your own; or, after careful reconnaisance, many francs less.

This form of up-staging is to some extent endemic in the speculative atmosphere of Bordeaux. The latest outbreak started in 1983 with the opening prices of the highly acclaimed 1982s. Broadly, the first-growths raised their prices from FFr 125 a bottle for their 1981s to FFr 170; but apart from Latour adding another FFr 10 for their 1984, these prices remained stable for the next two vintages.

Further down the line, there has been a good deal of jockeying, partly to "catch up" with the neighbours, partly to improve market status. This accounted for some of the increased 1984 prices.

Now, however, the Bordeaux merchants are very worried about possible excessive price rises for the 1985s—not least owing to the possibility of the falling dollar affecting the always volatile US demand.

The crop has turned out unexpectedly large—perhaps as big as the record 1982, or even higher—and inflation is no great problem in France. So, there is no justification for raising prices for a very plentiful vintage.

Although, as suggested earlier, it is usually a mistake to miss a fine vintage, if these excessive price increases are confirmed we might do well this time not to buy *en primeur*. After all, serious claret drinkers who have been acquiring most vintages steadily since the 1978s are not exactly short of wine. Nor are the investment speculators likely to feel confidence in a clearly over-priced vintage. Moreover, we remember what happened in 1973-75 to the over-priced 1970s, 1971s and 1972s. Caveat vendor!

Edmund Penning-Rowsell

Collecting

Nostalgia over an illusion

CHRISTMAS must always have been a season for never-never nostalgia. Just now there is a boom in reproduction of Christmas cards of the 1880s; but in the 1880s many of the most popular designs harked back to Good Old Christmasses of a century before that; and the seasonal colour supplements were filled with yule logs and waits and other customs that even then belonged to a vague, unlikely yesteryear. The Ghost of Christmas Past was always an illusion.

Christmas 1885 would probably neither have surprised nor delighted us. The British Empire was at peace, apart from minor skirmishes here and there with recalcitrant colonial subjects. The Irish question was brewing up as usual. The war between Serbia and Bulgaria seemed far away.

The Third Reform Bill of 1884 had tripled the electorate; and within six weeks between December 1885 and January 1886 there were two general elections and two prime ministers, Lord Salisbury and Gladstone. Small wonder that The Lancet identified a condition called "Election Fever," in which "the nervous centres generally are thrown into a state of super-excitation and the whole body into disorder. As this was the first great era of advertising, the firm of Eno's instantly took their cue and offered their famous Fruit Salts—alongside the usual seasonal remedies for coughs and colds—as the perfect cure for the current malady.

There was misery in the inner cities, but it was a well-established Christmas custom to salve the social conscience with acts of charity. All over London there were distributions of meals. The Poor Law authorities unbent to provide seasonal fare of roast beef and plum pudding: at the St Pancras workhouse alone 2,000 Christmas meals were served. Even the criminal were not quite forgotten: though their diet was not improved for the festive season, the misty-eyed lags of Clerkenwell Prison were regaled with carols and sacred songs by a choir of gentlemen and boys from Temple Church.

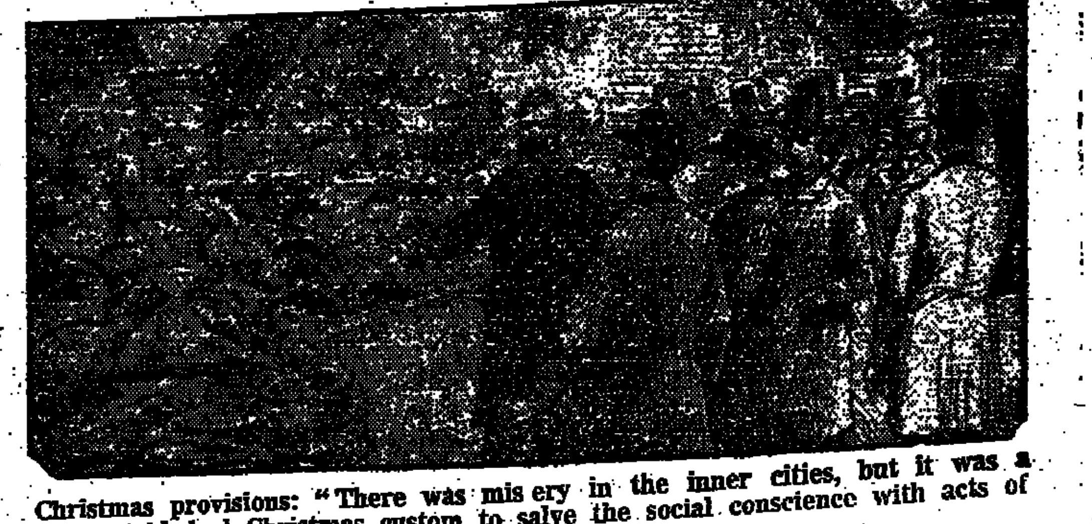
Charitable fare was regional as well as seasonal. The gentry of Liverpool formed Hot-Pot Committees, to comfort the poor with great bowls of meat and potatoes accompanied by quartern loaves. The Mayor personally provided a thousand hot-pots, each of 3 lb of beef and 7 lb of potatoes; the Junior Reform Club donated 1,100, with 3 lb of beef and 5 lb of potatoes, which were carried to distribution points about the city early on Christmas morning. Another 300 were given by the US Consul for the most deserving poor newsboys, who got theirs on Christmas Eve.

We would have found the seasonal ritual very much the same one hundred years ago. The British had adopted Christmas trees and Christmas decorations; and frenzied present-giving was already fostered by a booming retail trade. The Christmas card too was by this time the popular custom and flourishing industry it was to remain. Colour printing had already reached such florid peaks of ambition that Harding of Piccadilly captured a favourable press with their innovation of tasteful monochrome cards depicting British sports and pastimes.

Among gifts for children, the best-selling novelties of 1885 were Parkins' toy menagerie and for girls a one-shilling doll called Miss Dollie Daisie Dimple who (anticipating Cabbage Patch dolls) came with a travelling case full of clothes and a booklet about her birthday and early history.

Victorian home entertainment demanded a pianoforte, a harmonium or an American organ; and for these the best-selling music of the season was the first cheap edition of Gilbert and Sullivan's comic operas. A musical innovation so new that it called for comment in the newspapers was the introduction of carols into church services as anthems; and in 1885 apparently for the first time, some churches held special services of carols.

Christmas was a time for outings; and in those days most places of entertainment and instruction were open on Boxing Day. The Crystal Palace recorded 27,000 visitors despite dark and foggy weather; the Science Museum and the Victoria and Albert (with no-one to browbeat monetary contributions) each exceeded 5,000; and the Zoo and the National Gallery were also massively patronised.



Christmas provisions: "There was mis ery in the inner cities, but it was a well-established Christmas custom to salve the social conscience with acts of charity."

The critics' reservations about the most spectacular of the Boxing Day Pantomimes, Drury Lane's Aladdin, anticipate today's sentments in face of Hollywood's megabuck films: "Costliness, magnificence and daring in spectacular arrangement are the distinguishing features. . . (but) it is needless to state that some fun must be sacrifieced and the story in a measure overwhelmed, when the huge stage is turned into a battlefield for the exercise of the huge army of supernumeraries, ballet-girls and children."

The future lay elsewhere: Dan Leno, who was soon to be the greatest comic star of Drury Lane pantomimes, had only just arrived in London, way down the bill of the Foresters' Music Hall.

Connoisseurs preferred the more traditional pantomimes presented by the huge theatres of less fashionable districts: there was Daddy Longlegs, at the Britannia, Hoxton, Robinson Crusoe at the Surrey, Sinbad at the Elephant and Castle and Blue Beard at the Islington Grand.

Circuses proliferated that Christmas. As well as Astley's old Amphitheatre, now run by "Lord" George Sanger, and Hengler's new and elegant "Cirque" on the site of the present Palladium, Covent Garden had been turned over to equestrians and clowns. Other popular established London shows, like the Moore and Burgess Minstrels, and Maskelyne and Cooke's Palace of Magic at the Egyptian Hall in Regent Street were packed for the holiday season. There was no dearth of fun and games.

In most of the population nostalgia can be excused as a seasonal aberration; but for we inveterate seekers and hoarders it is something more permanent; for nostalgia is a necessary concomitant of almost all collecting. Happy Christmas and good hunting!

Janet Marsh

Gardening

Orchids for all

WHEN micropropagation first began to make an impact on the rapid increase of orchids, I remarked to a rich amateur grower that it was nice to think the best ones soon would be available to many more people. Her reply was instant and unblushing. She opposed totally the whole idea because she wanted ahe flowers for herself alone.

Some hope. Every year, orchids increase in popularity and it is ordinary people, not the very rich, who now are making most of the running. At the final Royal Horticultural Society flower show of the year, there were competitions for both berrying shrubs and orchids. I noted a good many names of the great and wealthy among the exhibitors of shrubs, but scarcely any among those showing orchids.

Even more remarkable was that many of the varieties on show appeared to be very unusual. In fact, many were unknown to me, which does not of itself mean much since I have little detailed knowledge of orchids; but I cannot even find them in any of my orchid reference books, which must be significant.

My attention was caught first by a superb vanda, not because it had just won the premier award in the show (for at first I did not see the prize card and red ribbon) but because of its great beauty and unusual appearance. The label described it as a hybrid between Vanda muthiga and V. suavis, and it had opposite rows of strap-shaped leaves in the typical vanda manner and naked white aerial roots sprawled on the show bench like plastic-covered flex.

It was, though, the loose sprays of nodding flowers, in vivid magenta and white, that attracted me. The plant was shown by Mr P. White who gave his address as 61 Stanwell Lea, Middleton Cheney; it was in perfect condition and, I imagine, came from a well heated greenhouse.

Nearby, Mr K. Owen, who gave no address, had won a prize with Ontocidium Tiger Ham Bunren, or at least that is what the label seemed to indicate. Hybrid orchids do tend to have odd names but I might have misread the last part of this one. I am quite certain, however, that the plant was an ontocidium, which means it was a rare hybrid between two genera of orchids, odontoglossum and oncidium.

Turning the corner of the show bench, my eye was caught immediately by what looked like a flight of carmine and crimson butterflies. These were the flowers of Dendrobium Toy Swee King. My apologies to orchid specialists if I read the label incorrectly but, again, I am quite certain about the genus: it was a dedrobium, although far more graceful than any I have previously seen

It belonged to Mr A. Wyatt who had a couple of lycastes with it to complete a little collection of three. Lycastes are among my favourite orchids and I fell completely for Mr Wyatt's Jason, a small plant with bold greenish amber and deep yellow flowers that look straight up at you so that you can see the spot of maroon in the heart of each.

Maudiae is an aristocrat with handsomely mottled leaves and perfectly formed flowers of palest lime green surmounted by a broad sepal of "flag" that is china white-flushed and striped vertically with apple green. It looks so refined that you imagine it must be difficult to produce; but Brian and Wilma Rittershausen, whose book *Popular Orchids** is an invaluable guide, assure me this one is well known to all orchid-lovers for the ease with which it grows. The exhibitor of this treasure was Mr P. W. Payne.

On the other side of the bench was another beautiful oddity, Miltonia spectabilis. Miltonias sometimes are called pansy orchids because their big, flat flowers and blotched colours look vaguely like those popular flowers. M. spectabilis has kept the shape but discarded the blotching in favour of a much subtler blend.

Popular Orchids says the colouring of this species is extremely variable but, typically, white with a tint of rosy-purple. Dr T. Lawson's plant was nothing like that; the broad upper petals were wholly mulberry purple and the even wider lip was old rose. These beautiful blooms looked rather lonely, hanging singly on slender fishing rod stems.

My final stop was to admire Oncidium ornithorynchum shown by Mr M. Potter of Hendon. This is a plant so utterly different from the rest that you might not immediately recognise it as an orchid. The flowers are tiny and lilac pink specked with white and yellow, but there are hundreds of them carried in filmy sprays.

It did not occur to me to smell them so I missed what *Popular Orchids* describes as a strong fragrance. The Rittershausens also say that this is a most desirable and free flowering species for a cool greenhouse.

In fact, a great many orchids are easy plants to grow once you have realised that what they want bears little resemblance to the requirements of other plants. If you decide to join the rush of orchid fans, there is no need to go out and buy yourself a new greenhouse; but it would be wise to clear your present house of all the plants at present growing in it. It also would be necessary to scrap all the potting composts you have already and buy new ones from an orchid nursery as well as a beginner's book on orchid growing.

* *The Rittershausens' latest book, "Orchid Growing Illustrated," is published by Blandford Press at £12.95.*

Arthur Hellyer

FT CHRISTMAS DOUBLE CROSSWORD

Across clues are each two clues run together, and lead to two solutions which are anagrams of each other; downs are two normal clues. In each case the first solution is for diagram (A) and the second for (B).

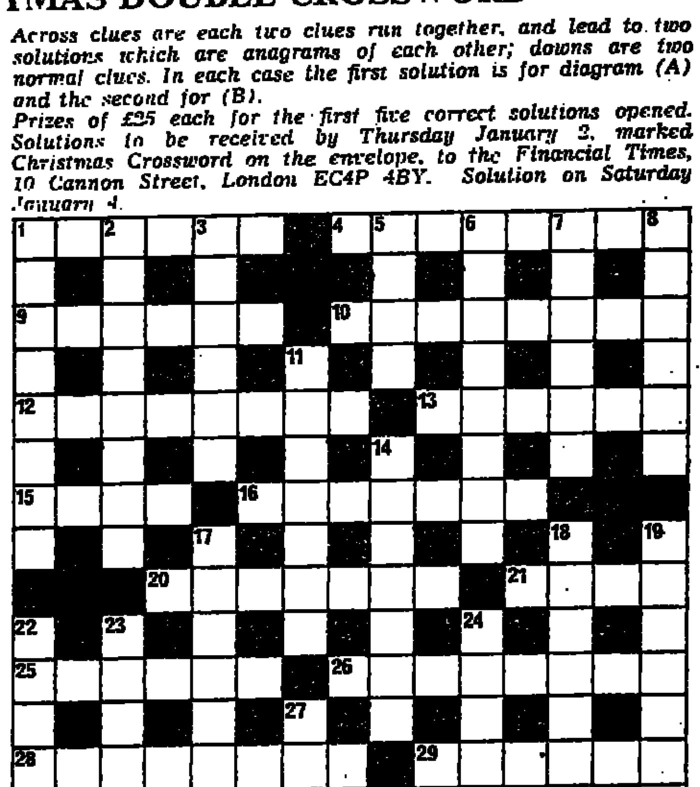
Prizes of £25 each for the first five correct solutions opened. Solutions to be received by Thursday January 2, marked Christmas Crossword on the envelope, to the Financial Times, 10 Cannon Street, London EC4P 4BY. Solution on Saturday January 4.

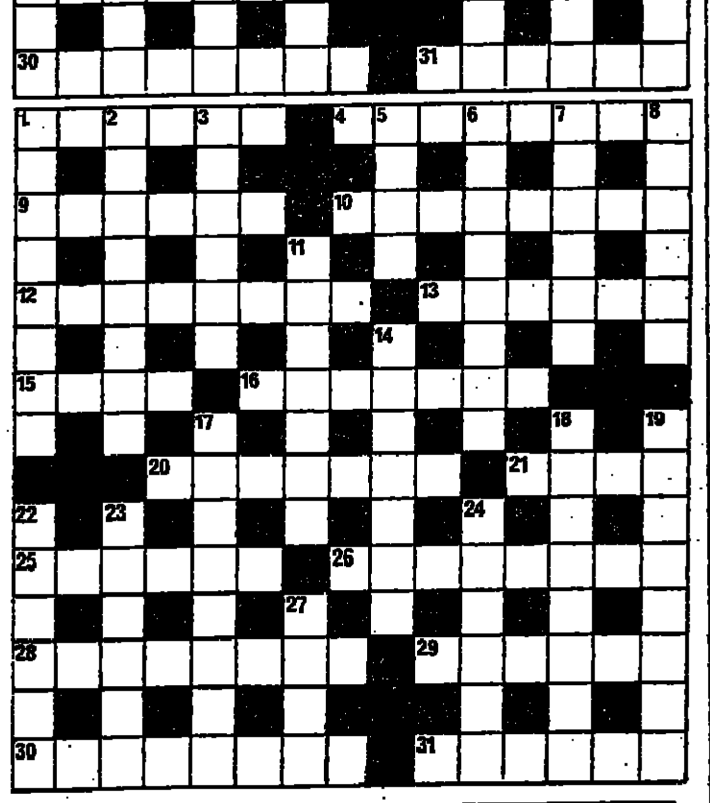
ACROSS

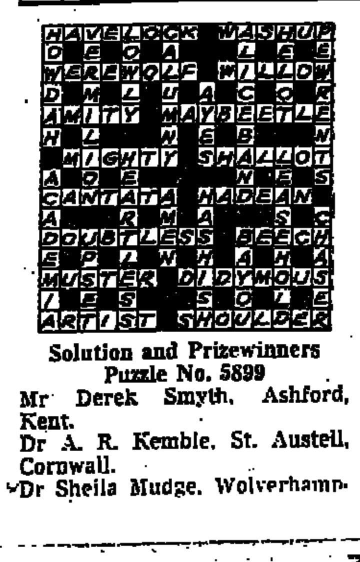
1 Took ship or ships, as they seem to seamen (6: 6)
4 Flying singer—brief tenancy (8: 5.3)
9 New heart (6: 6)
10 One with ambition on his side? (8: 8)
12 Youth produce (8: 8)
13 One who draws an enchanting bird (6: 6)
15 One who entertains rubbish (4: 4)
16 Trusting peg for planks (7: 7)
20 Unappreciative person in North Africa (7: 7)
21 Royal king? (4: 4)
25 It falls from far far away (6: 6)
26 Freewheeling unbeliever (8: 8)
28 Dangerous sort of seat? (8: 8)
29 Restless person with talent (6: 6)
30 The whole thing the whole time? (8: 8)
31 One who lights upon a good companion (6: 6)

DOWN

1 Like an old record? Cancel your opening (8)
Stop anyone entering on a navigable waterway (4, 4)
2 Wax in fold (8)
Daniel and Kenneth ill on a ship with a nasty chill (8)
3 Group like the Muses, nearly near in conclusion (6)
Slips that made comedy (6)
5 Carrier of water on foot and above (4)
Preliminary contest characteristic of kitchen? (4)
6 Views of love on wings of poesy? (8)
Part of the USSR went for Nehru, then Ian Smith (8)
7 Prepares for lots of followers (6)
Ultimately canonised student layabout (6)
8 Wring, former wrong (6)
Number with insect in occupation (6)
11 Parson with broken lyre sounding at night? (7)
Sort of heater could be cold (7)
14 Most of a word book, in a manner of speaking (7)
Speak aggressively—home at five to eight, nearly (7)
17 Grass a little way before (A)? (8)
Split hydrogen—Scotsman's sort of shot (8)
18 Like justice outside the West Indies, went cap in hand? (8)
Nearly three sets make one of six (8)
19 Disease-bringing chap? (8)
Surrendered before negotiations went ahead? (8)
22 Stick to the demon drink! (6)
Weight makes a string collide with me on purpose (6)
23 Without width or bends, we hear (6)
Redeemer gets part to come out (6)
24 Fool's confession in Italy? (6)
Company gets support in the office (6)
27 Insect flavour arising (4)
Hypocritical talk has no power (4)

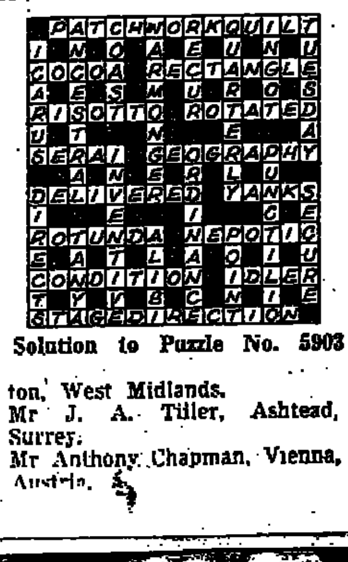






Solution and Prizewinners Puzzle No. 5899

Mr Derek Smyth, Ashford, Kent.
Dr A. R. Kemble, St. Austell, Cornwall.
Dr Sheila Mudge, Wolverhampton, West Midlands.
Mr J. A. Tiller, Ashtead, Surrey.
Mr Anthony Chapman, Vienna, Austria.



Solution to Puzzle No. 5903

Tickle the palate

"SMOKED salmon cannot be wrong" a friend of mine once concluded after three hours' discussion and dithering about what to serve as first course for a dinner party. She is right. If in doubt, opt for smoked salmon. It is ritzy, everyone likes it and it is effortless for the cook.

The trouble is that smoked salmon is becoming a Christmas Day lunch favourite and, delicious though it may be, it seems a bit excessive to serve it twice in one day.

If smoked salmon is "booked" for your lunch menu, here are a few alternatives to consider for getting Christmas dinner off to a good start.

Sticking first to the fishy theme, I suggest oysters (which can be ordered by telephone and delivered to your door as I wrote in this column recently) or fresh Morecambe Bay shrimps. Tiny brown shrimps are fiddly to peel but people prepare their own so it is sociable and fun. Finger bowls are essential. So are wedges of juicy lemon and brown bread and butter sliced as thinly as possible.

Fat pink prawns have less flavour than shrimps but can make attractive and appetising salads. I like prawns tossed in vinaigrette with raw coarsely-grated Jerusalem artichokes, fresh chopped parsley and a few toasted pumpkin seeds. Serve with or without a bowl of mayonnaise.

Equally good, but more trouble to prepare, is a salad of celeriac and apple scattered with steamed mussels and grilled bacon on a bed of watercress.

I find watercress invaluable for sauces. Strip the raw leaves from the stems and reduce them to tiny green flecks in a food processor. Beat in some vinaigrette dressing and use the mixture to fill the stone cavities of halved and peeled avocados. This is the nicest way I know of serving avocados: the pepperiness of the cress foils the richness of the pears well, and the shades of green are very pleasing.

Very finely chopped watercress can be moistened with a little Greek yoghurt to make a delicious dip for cold hard-boiled quails' eggs. Or it can be added to Hollandaise sauce and spooned over hot boiled quails' eggs piled into miniature vol-au-vent cases or croustades of fried bread.

If you want a richer first course—and some people feel that a feast must start on a note of high luxury—then how about foie gras. If that is out of the question, I suggest chicken liver parfait as the most velvety rich of all home-made pâtés. It is very cheap as well as remarkably easy to make.

Even better, if you are having goose or duck, would be a parfait made with the liver of the bird in question.

Good Parma ham never fails to please whether it is served with slices of ripe fragrant melon, pear or mango. There is no need to feel obliged to choose Parma ham. Westphalian and air-dried Cumbrian ham are just as suitable.

LIVER PARFAIT

(Serves eight or more)

Cut ½ lb chicken livers (or duck or goose livers, or a mixture, depending on what is available) into pieces and cook them very gently indeed in 2 oz unsalted butter for about 10 minutes until quite tender and cooked through. Season generously with salt and pepper half way through cooking, and turn the livers occasionally. Let the mixture cool slightly, then tip the contents of the pan into a food processor and chop very finely. Add another 2 oz butter, at room temperature and diced, and 2 good tablespoons marsala or cognac and process again until the mixture is as smooth as velvet.

When the liver mixture is almost cold, whip ¼ pint cream to soft peaks and work it gently but thoroughly, a spoonful at a time, into the liver. Check seasoning, pot, cover and chill. This is best made a couple of days ahead of serving so flavours blend and mature. Serve with thin, very hot toast but no butter in view of the richness of the pâté.

Philippa Davenport

• DIVERSIONS •

هكذا من الكحل

Trees to suit every taste

Lucia van der Post

HOW TO SPEND IT

THE SPRUCE or fir tree is as potent a symbol of Christmas as the star, the crib, the turkey and the presents. For children in particular Christmas would not seem like Christmas if they didn't have a tree. Trees these days come in all shapes and sizes. They come real and they come artificial. Artificial ones are infinitely more attractive these days and if you really can't face coping with the soil, the needles and all the other hassles a real tree involves, you will be able to find a range of artificial ones that would pass the most stringent of visual tests.

However, to most of us, a real tree is still an essential ingredient of the old-fashioned romantic Christmas. If you simply want a tree to last for the Christmas period and then plan to throw it out (or on the fire) then a cut tree is what you should ask for.

I asked Richard Jackson of the Fulham Palace Garden Centre, *Bishops Avenue, London SW6* for his advice on how to choose a tree.

When it comes to cut trees, the more recently it was cut the fresher it will be, the longer it will stay looking good. It is hard to tell how recently it was cut but the best check is to give the tree a sharp bang and if many needles fall off, it means it was cut rather a long time ago.

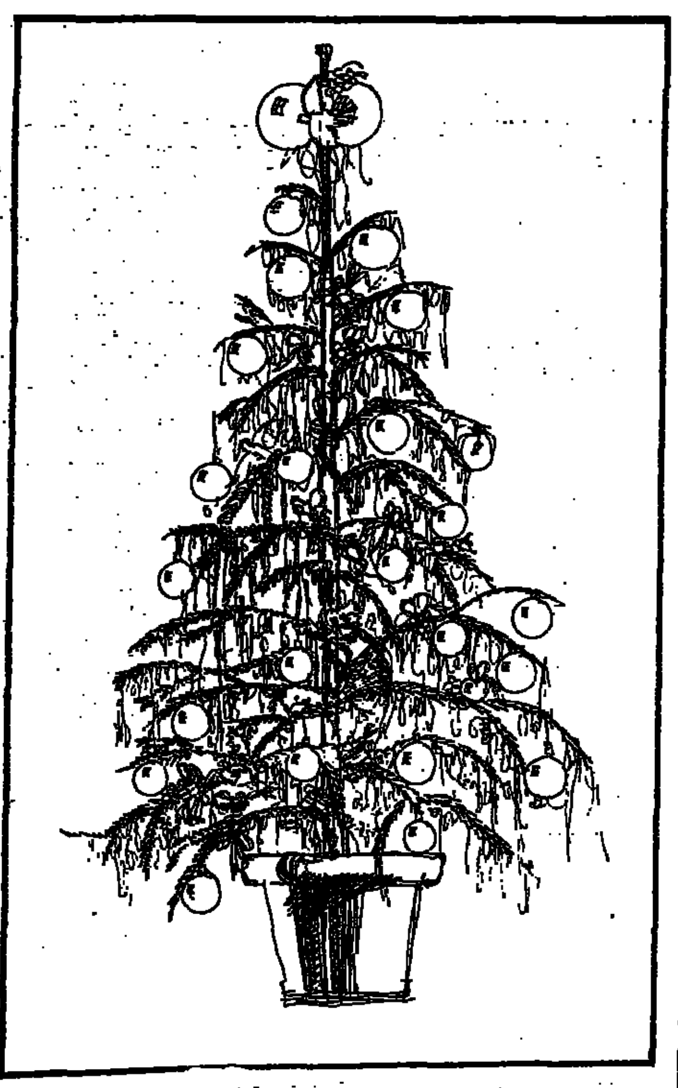
Cut trees should sell for about £1 a foot and should be treated like a cut flower. Ask your garden centre to cut about an inch off the base to open up the stem (which will have been sealed off) so that it can take up water.

A bit more expensive at about £1.50 a foot are potted trees and root-balled trees. A pot-grown tree can be potted on in the garden after the party is over or it can even be potted on into another larger pot which can then be carried into the house again next year.

A root-balled tree can also be planted out once the revelry is over but it is important to buy one from a reputable supplier. Check the ball of roots and don't buy it if it is rather loose for the soil can then tear some of the roots off. If the ball of roots is tight they will be well held together. Plunge the rootball (as it comes) into a tub, surround it with peat or garden soil and decorate it as you will. After Christmas take the tree into the garden, carefully unwrap and open out the rootball and transplant the roots very carefully and as tightly as possible into the soil. Keep it well watered.

Finally, the wow this Christmas has been the previously neglected Caucasian fir, the Abies nordmanniana—these are more or less guaranteed not to lose their needles and have rather unusual bluish-grey coloured needles. However, at the moment many garden centres have almost sold out of them. As Richard Jackson says, "They are like gold-dust." He was selling them at £2.75 a foot, but now prices have shot up in the market. If anybody still wants one he will order one specially for them but they will cost something like £6 a foot.

Having bought your tree, how do you decorate it? Have a look at how the professionals do it. Most good stores have very skilful display teams and if you keep your eyes open they are a source of inspiration. This week, How To Spend It asked five people, all closely involved with the visual world, to give us their ideas of how to decorate a tree.



JEFF BANKS is design director of the Warehouse Utility Clothing Company, and the man hundreds of *working girls* have to thank for up-to-the-minute, fun clothes at affordable prices.

"About eight years ago I became a Buddhist, and I have learned an enormous amount from it," he says. "It has seen me through many trials and tribulations. I chant for an hour in the morning and half an hour in the evening and it is now a part of my *daily* life. However, I still feel Christmas trees are significant whatever your religion. They symbolise the coming together of friends and *relations*, and Christmas is a time to experience and exchange ideas, to repair bridges and mend friendships. The evergreen has a meaning for Buddhists in that it symbolises the continuity of eternal *life*, and this links it with Western society's way of celebrating the festival.

"So, as you can see I love Christmas trees and I will certainly have one at home. I'll have quite a tall proper fir tree, and because I've got a thing about grey at the moment I'll use a grey and white colour scheme, and make it all look very etheral and romantic. I will douse it in masses of grey cobwebbing (this is a glass-fibre *material that I buy from* a display company called Yugin and Sons, at 46, Great Tichfield Street, London, W1).

"I bought masses of clear *glass traditional Christmas* balls a little while ago from John Lewis (who I think have the best and cheapest selection I know of) and I'll add those. I'm a great hoarder of decorations from past years and I'll put on as many white decorations from previous years as I can find.

"Though the colour scheme may sound stark it should look very soft and pretty and should be a good contrast to the masses of coloured presents underneath it."

ANOUSKA WEINBERG, as regular readers of this column will know, is founder and creator of Blake's hotel, a talented interior designer and latterly a dressmaker as well.

"Mark and I have six children between us, aged from 18 to 4. We will have Christmas in Wiltshire. Many of my ideas come from my German ancestors. I have bowls full of oranges and lots of bayleaves, and throw cloves and spices onto the fire to fill the house with a *lovely smell*. I always bring out a nativity scene I've had for years and put out little wooden sentinels with candles in their hands.

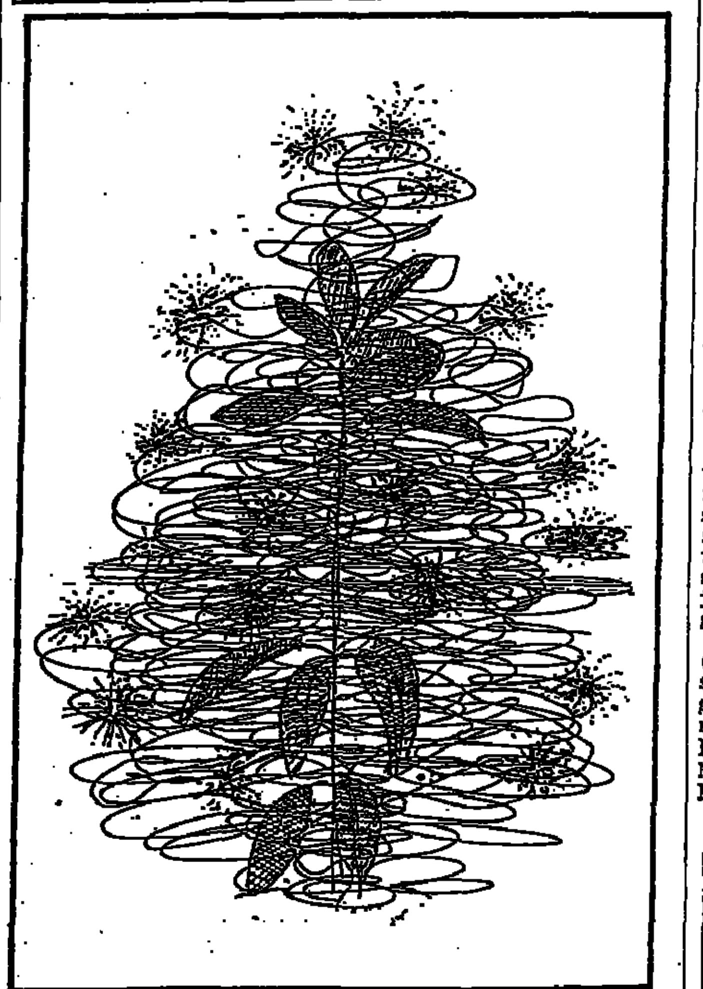
"Each child gets a Christmas tree in his room, made in the same way as the main tree (see instructions later) but in a little pot—usually a garden pot painted whatever colour I feel like that year. I wrap a ribbon around it, put chocolate money and silver fish all over the tree, and replenish over the holiday period. No cancdles are allowed in the bedrooms but the trees stand *in the windows all over* Christmas.

"For the main tree I only use Noble fir because the leaves have a lovely bluey tinge. I go to Nine Elms and buy a whole lot of branches. I plant a big stick in a great big tin and anchor it in using sand and bricks. I buy a lot of Oasis from the florist and wrap *bricks of it all the way round* the stick. The Oasis is held in place with a wrapping of chcken wire with very large holes.

"Usng a very large knife I then trim the ends of the branches so that they are shaped like a stake. Then the branches are rammed through the chicken wire netting into the Oasis. In this way you form the shape of the tree. You can do a full round one like a natural tree or one that stands flat against one wall and the branches protrude into the room.

"To keep the whole arrangement green for the whole of the Christmas period you can water from the top—it then seeps down the Oasis and the whole thing stays damp and well.

"*As for decorating* the tree, ths year I shall use a navy blue, gold and verdigris green scheme. I take beautiful hollow glass balls, pull the wires out and fill them with fine layers of coloured sands bought from shops which supply artists' materials or craft materials. You can either use one plain dark colour or with the layers, create a marbled effect. I then put the wires back and pin the balls to the tree, hiding the pin with a big bow, also in navy blue. If I get around to it I will paint the candleclips gold. *I then add lots of tiny hand*-painted masks—all happy masks featuring the sun, the moon, some covered in spots, some harlequins, all in navy blue and gold with some touches of pale blue and verdigris."



EVA JIRICNA is an internationally acclaimed interior designer. In Britain she is probably best known for her *impeccable and restrained* interiors for Joseph Ettedgui, for helping to turn the Caprice from a fading restaurant into a fashionable modern eating-place, *and the new-look* Way In department at Harrods.

"I won't have a proper Christmas tree at all because I really hate the idea of cutting down and killing a tree just to have it in the house for a fortnight and then throwing it out. To me it is almost as bad as killing a turkey to eat it. I could imagine going into the middle of a forest and decorating a tree out there where it belongs.

"In practice what I *usually* do is to decorate the collection of house plants that I already have. I decorate them with anything I have to hand—I put *masses of my jewellery on them*, things like beads and chains as well as fluorescent paper and the sort of coloured paper used for kites. I don't want to damage the plants at all so I wouldn't use lights on them—I light them carefully from behind so as to cause least damage."

The Christmas quiz will be published in the Christmas television supplement on December 24

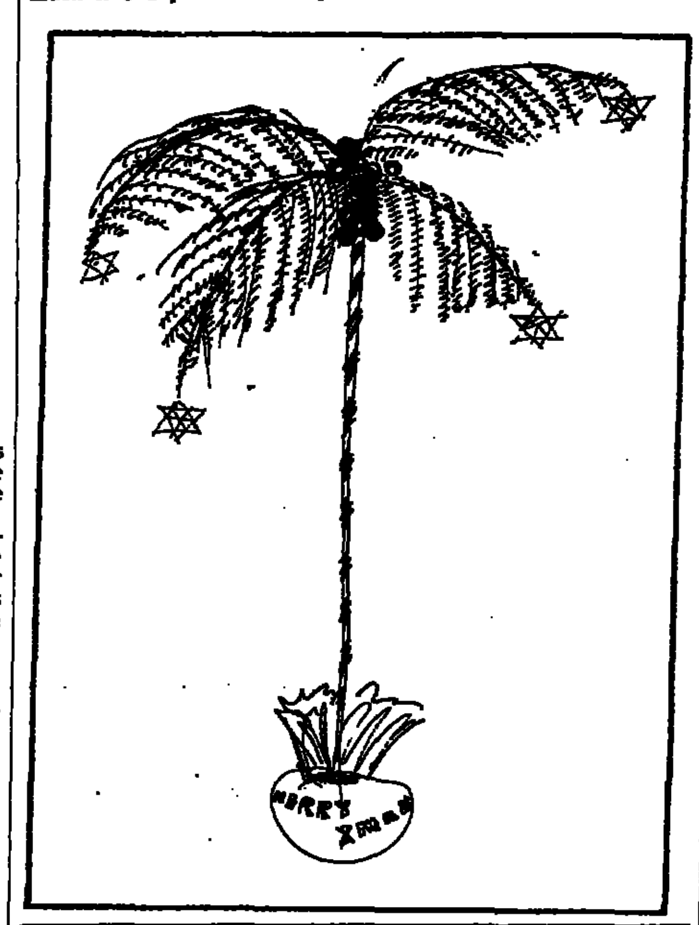
BRUCE OLDFIELD, famous for his sophisticated evening-wear, is currently the favourite designer of many of our most-photographed beauties.

"I don't usually make a big thing of Christmas as it doesn't mean a great deal to me. It interrupts my work programme and my diet and it seems to give people cart-blanche to be extraordinarily excessive. However, I don't want to be too miserable *about* Christmas so I usually make something of an effort. I will probably cook a very traditional meal of turkey and all the trimmings for my brother and any waifs and strays.

"I don't like the conventional Christmas tree—every house seems to have its little tree with strings of lights. I will try to do something out of the ordinary.

"Partly because my flat has very high ceilings I will take a single ten-feet pole (buy it from a timber merchant) and anchor it into a bucket of sand. The bucket should be wrapped in crepe paper and obviously the colour-scheme can be varied to fit any room. I shall probably choose a conventional red and *green scheme*.

"Then I will take three or four very large spruce boughs, which I buy at Nine Elms market, and anchor them, artistically I hope, to the pole using wire and pliers. The boughs should be arranged to look as much like a palm tree as possible. The pole will be decorated with red or green ribbon wound round it. Then I will apply very *classical baubles to resemble* a bunch of coconuts right at the very top. If I get hold of enough I might even use real coconuts. People who are fond of chocolatey things could use them instead—it would be a good idea to hang them high almost out of reach."



PAUL DYSON is in charge of all display at that most stylish of stores—Harvey Nichols. He was responsible for transforming the Albert Hall into an enchanted world of red and gold for last month's Birthright Ball.

"This Christmas I think a really romantic tree seems *right. I would put the tree in* the largest available log basket, fill it with earth, cover the earth with a layer of moss and then decorate the moss with swags of dried flowers and gold rope.

"The tree itself I would like to see decorated also with swags of dried flowers, twigs, nuts, grasses, hogwood and *cinnamon sticks* all *wired into* separate swags. Cinnamon sticks, though, don't have much scent so I would spray the tree with Cinnamon oil—this makes the tree smell marvellous. Alternatively, you could use rose oil. You can buy the oils at quite a few health food shops, including Neal's Yard Apothcary at 2, Neal's Yard, off Neal Street, Covent Garden.

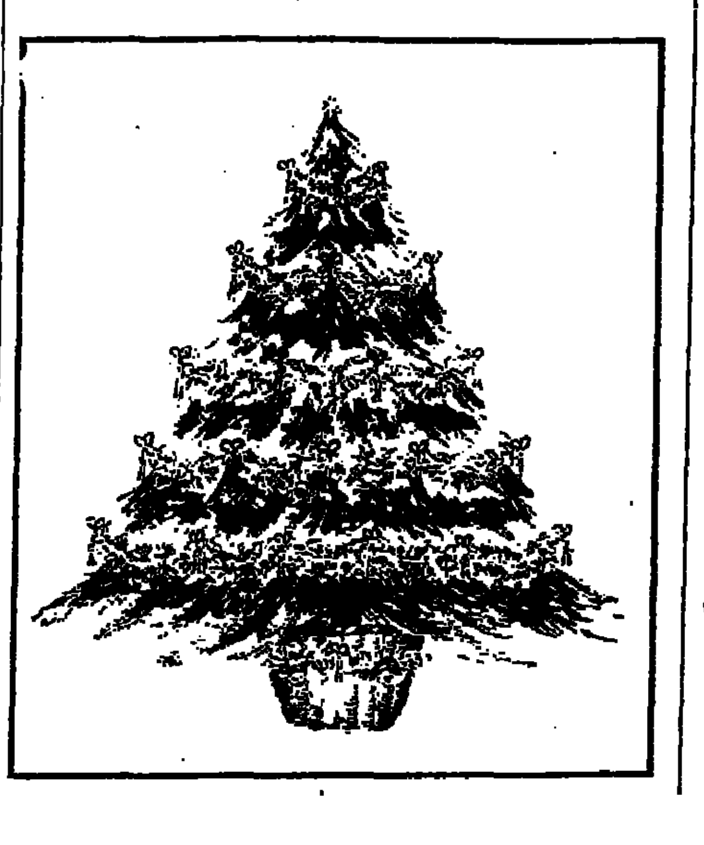
"The swags should be sprayed with a light coating of spray mount (buy it at any good office supply shop or display material shop) and dusted with a mixture of gold glitter and castor sugar. They should then be joined together with bows of gold rope.

"I would also use gold ropes (buy them from curtain accessory *departments*) and tie gilded walnuts onto them. The nicest gold paint I've found is Bronze Powder mixed into Gold Medium and is from Brodie and Middleton, 68, Drury Lane, London, WC2.

"That is how I would like to do a tree if I had the time. Usually, though, I end up doing my own at very short notice. However, I'm lucky because I have lots of marvellous things left-over from past display jobs. One of my greatest acquisitions is a *whole set of real chandelier* drops. They look wonderful.

"I live in a terrace house in Islington and I sometimes cover the railings outside with fir branches making it into a sort of hedge and putting fairy lights onto it. It seems to amaze the neighbours."

"For the table I often do frosted fruits. It's terribly easy—*just dip them into a big bowl* of egg white whipped until stiff and dry. Dust with castor sugar, and they look wonderful. Smallish fruits like grapes look better than the larger ones."



• BOOKS •

Wallace Stevens: author and Vice-President of the Hartford Accident and Indemnity Company

Businessman's life as poet

WALLACE STEVENS: A MYTHOLOGY OF SELF
by Milton J. Bates
California U.P. £21.25, 319 pages

HOW—IF you are Vice-President of the Hartford Accident and Indemnity Company—do you spend your spare time? You go fishing, perhaps? You go on trips to Florida, you join clubs, you "don't stay sober any longer than you must." Wallace Stevens did all of these things—and, for good measure, he wrote poetry, too. Not just versifying, but poetry worthy to rank with that produced by the greatest in 20th-century American literature: Pound, Eliot and Williams.

How did he do it? Well, for one thing, by keeping the worlds of business and poetry strictly apart. But a more fundamental question lurks behind this innocent inquiry: how did he do it in himself, in his nature—for we all know that poets don't live in the real world. They are probably more than a little airy-fairy.

This, of course, is to fly in the face of the facts. Geoffrey Chaucer was a busy official at the Port of London; T. S. Eliot was a bank official and a very astute publisher. "Stevens" said Richard Eberhart "had something of the mountainous gruffness that we recognise in ourselves as American—the stamina, the powerful grain showing in a kind of indifference." And yet, at the same time, he was—as one wit put it—"the finest French poet in the English language."

Born in Reading, Pennsylvania of Dutch stock, Stevens went to Harvard and the New York Law School. In 1916, when he was 37, he joined the Connecticut insurance company that he was to stay with for the rest of his life. He never visited his beloved France. Indeed, unlike Pound and Eliot, he never left his own country. It was the "voyage autour de sa chambre" which interested him. When he was practising law in New York he associated with Williams and Marianne Moore, and contributed to Harriet Monroe's *Poetry*. A year after the publication of *The Waste Land* he produced his own contribution to literature.

It was called *Harmonium* and it shocked the Americans — but for different reasons — as much as *The Waste Land* shocked the British. In an age of debunking, of scourging what Mencken called "the booboisie," Stevens produced exquisite and subtle verse which, in the words of Louis Untermeyer, was "little related to any human struggle." But this was to misread him. He was no less concerned than Eliot about the fate of civilisation, but his methods and preoccupations were different. "Disillusionment of Ten O'Clock," "A High-Toned Old Christian Woman" and "Sunday Morning" are radical in their questioning of the ethos of our time. The last poem, in particular, sets out in a most subtle and beautiful way the dilemma faced by an intelligent woman when she dwells on the meaning and place of Christianity.

Throughout his life Stevens was preoccupied with the question of belief. "Notes Toward a Supreme Fiction" carries a stage further the argument begun in "Sunday Morning." It is a poem about poetry, poetry as a religion—the religion, as Pound put it, of the "serious artist" and in its way it is as difficult, if not so long as, the *Cantos*. Not that Stevens deliberately made it difficult—any more than Pound deliberately made the *Cantos* difficult.

It is the nature of the idiom which makes for the difficulty, an idiom which is forged by the artist's unique vision of the world. For a while at the end of his life, in the early 1950s, this deeply thoughtful, extraordinarily skilful poet came into his own. It was the "Age of Stevens" when young American poets aped the manner of the master, as in the next decade they were to ape the manner of Pound and Williams.

Milton J. Bates's study—one of a long line of books about Stevens—adds little that is new, but it is well and sensitively written. Combining as it does biography and literary analysis, it tends at times perhaps to read more into the verse than is justified. But since the conclusions are never vulgar or outrageous, the general effect is one of learned felicity. Bates's subtitle is apt. "Mythology of self" was Stevens's own phrase. He is Crispin: he is the Emperor of Ice Cream: he is the Large Red Man Reading; he is both the ephebe and the final old pantaloun of "Notes Toward a Supreme Fiction." Give him room in your hearts, ladies and gentlemen, for as the immortal J. D. Salinger said in *Zooey*: "Ah buddy. Ah, buddy. It's Christ Himself. Christ Himself, buddy."

Geoffrey Moore

Part-time becomes the norm

FUTURE WORK
by James Robertson.
Gower/Temple Smith.
£15.00 (hardback) £6.95 (paperback). 234 pages

THE TITLE of this book, Future Work, does it a slight disservice, because it is really about the present as much as the future. The thesis is that we are approaching the end of the age of conventional employment and that an entirely new pattern, and ethic, of work is coming. But as James Robertson points out, these changes are already upon us. The labour market has already evolved from its traditional shape, almost beyond recognition, even if the public policy debate continues as if it had not. Officialdom may still regard full-time employment as the only recognisable form of work, and the only possible source of income. But in practice it has already ceased to be the "norm" for the working population and is now being replaced by a completely different pattern.

A fifth of those in work now have part-time jobs—a cause of great indignation on the Left. Self-employment is mushrooming. The idea of getting work by starting up on your own is now becoming commonplace. Factories are pushing work out and sub-contracting. Technology is sending work back into the home and the neighbourhood—the exact reverse of the original industrial revolution, which took people out of their homes and small communities and herded them into anonymous masses.

What have yet to change, Robertson argues, are all the policies, attitudes and institutional arrangements designed for a world in which most people were somebody's employees and full-employment was the central social goal which lay just around the corner.

The economists go on talking as though formal, paid, employment was all that mattered and the growing informal work sector, in which practically everyone is partly involved, did not exist. Organised labour goes on organising workers for a life of dependence on, and conflict with, employers, a life that now only affects a minority. Government tax policies go on favouring corporate production and treating people working on their own as a tedious intrusion on the tidy world of employment. For the mainstream policy-makers it is business as usual, and somehow (they assume) the jobs will reappear from somewhere.

Future Work is not the first book to show that this world and its assumptions are falling apart, as are the old centralised power structures which went with it. For the pioneering thinking in this field we have to thank people like Professor Charles Handy on whose ideas and on whose trail-blazing study, The Future of Work, James Robertson draws.

These thinkers are beginning to present us not just with some fresh thoughts on employment but with an entirely new economic and social landscape. In this sense, volumes like James Robertson's represent milestones along the path of intellectual debate which winds down from The Wealth of Nations through Das Kapital, The General Theory, the Affluent Society and the works of the monetarist counter-revolutionaries.

At last ideas are moving on again. Theory and political preconception are beginning to catch up with society as it really is and take account of the radically changed values, lifestyles and modes of thought and work with which the dispersed, decentralised and reassuringly haphazard electronic society now apparently feels comfortable.

My only criticism of this important work is that Robertson is not as forthright as he should be in answering the one obvious and basic query—where do people get their spending power in this new scene if not from wages and salaries?

He has some tentative suggestions about a Guaranteed Basic Income for all (details to be worked out later) and he recognises that people are now looking for a more personal influence on the use of their savings, a more direct stake in the community than the vast and impersonal financial institutions can provide.

It would have been bolder still to have accepted the absolutely central role which widespread personal capital ownership will have to play in a society in which the employment wage or salary is no longer the sole source of support.

A chapter on that, on the advance of democratic capitalism alongside the post-industrial society and the new attitudes to work it is bringing, would have made a book, already highly relevant to our present society, even more so.

David Howell

Sky Paths

A FIRST prize of £100 is offered, and several lesser prizes, for up to sixteen lines of verse celebrating the appearance (or non-appearance) of Halley's Comet.

Poems entered for the competition should be sent to the Literary Editor, Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY. The closing date is January 14. Results and winning entries will be printed in the Weekend FT on Saturday January 25, 1986.

Fiction

Such delirious dons

THE ADVENTURES OF SPEEDFALL by John Fuller. The Salamander Press, £9.95, 160 pages

BLACK VENUS by Angela Carter. Chatto & Windus/The Hogath Press, £8.95, 121 pages

MUM & MR ARMITAGE by Beryl Bainbridge. Duckworth, £7.95, 144 pages

At last the real thing, or near enough as makes no difference. The Adventures of Speedfall, collected episodes in the life of a devious, Machiavellian, slightly demented Oxford philosophy don, farcical perhaps, but a splendid creation all the same, well worth putting your hand in your pocket for, this time of the year.

Who will the dons elect to an honorary fellowship at St Patrick's? The Prime Minister, or the leader of the opposition, both of them alumni? Neither, with Speedfall around. Not when he can dig up a third candidate, a harmless old lunatic retrieved from the shallows off the Kentish coast, splashing about in pursuit of an alternative to plankton. A lunatic whose demand for lab space means that the physiology tutor will have to move his collection of stag beetles and his cupboard full of gin. . . .

Or the Mongolian chess players, politely moving Queen to Bishop's Three in emulation of their speechless, grinning hosts, no one to interpret for them and St Patrick's best player unaccountably rusticated for the rest of term. Or the 18-stone American woman Speedfall meets on a TV chat show, energetically promoting her book about sex. Or the strange goings-on at the gaudy, a corpse in the bell tower, the Principal imprisoned in the pantry, a penniless actor returning to his alma mater in pursuit of a few bob to tide him over. John Fuller's touch is as light as it is deft, lighter almost than Lawrence Durrell in Foreign Office mood.

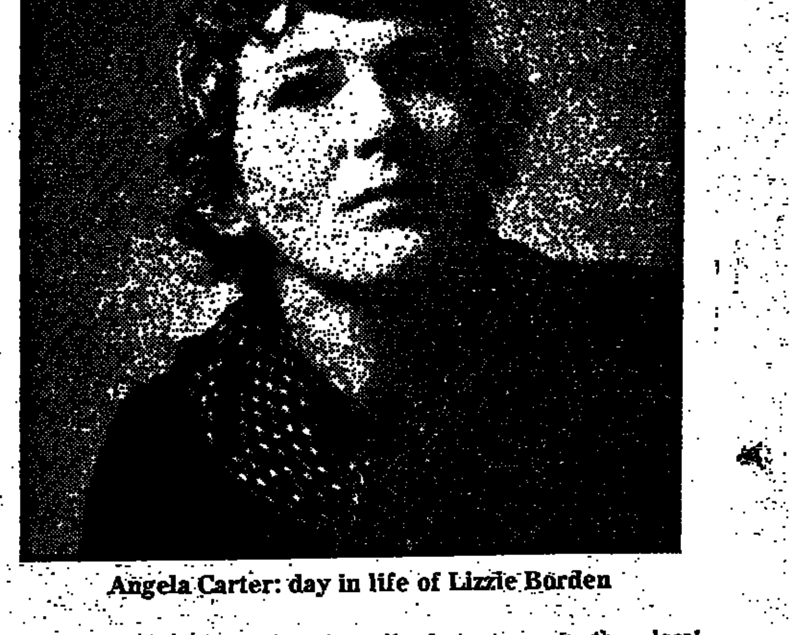
It is also, like the Antrobus stories, slightly strained here and there, farce being a difficult medium at the best of times. But this is only a minor quibble. What matters is that the author is having plenty of fun at academe's expense, plenty of laughs at the infighting, the endless committee room bickering.

What the dons will make of it at Magdalen, his own college, is anybody's guess. We must all hope for his sake that he does not mirror Speedfall's experience on high table and find a severed thumb in his medallion of pork — or rather, not find it until too late.

It is an excellent time for short stories. There are eight in Angela Carter's Black Venus, some of them very good indeed. The lady of the title is Baudelaire's Creole mistress Jeanne Duval, an exotic creature by all accounts, presented here in a beautifully executed word picture (marred only by the very first page, which might be too rich for some tastes). The author is blessed with a great gift for breathing life into a character, for bringing real bloom to a story, and she uses it to considerable effect.

She sparkles too in Our Lady of the Massacre, the first person narrative of a 17th-century whore transported from London to Virginia and thence to the Iroquois tribe, a story graphically told and utterly convincing in every last detail. Also in The Fall River Axe Murders, a day in the life of Lizzie Borden — the last day, as it happens, of her unfortunate parents.

Some of the others are less successful. One portrays the darker side of Edgar Allan Poe, another tackles the idea of hermaphroditism in A Midsummer Night's Dream. It could be argued that Angela Carter is at her best when she abandons the jewelled prose — although she is usually pretty good at it — and sticks to the plain gruesome. Either way, her fans will find plenty here to entertain them.



Angela Carter: day in life of Lizzie Borden

To whoever designed the dust cover of Beryl Bainbridge's new collection of short stories, a vote of thanks is due. The couple on the cover are dead ringers for Mum and Mr Armitage, a ghastly duo filling a hotel lounge with bonhomie and practical jokes, the sort of people you would go a long way to avoid if you could. Spinsterish Miss Emmet cannot unfortunately, with disastrous consequences all round.

Ordinary people in ordinary situations are Beryl Bainbridge's forte, rebellious adolescents, adulterous couples, bickering in-laws, even a suicide in a bedsit. Several of the stories are set in the immediate post-war years, but most are more contemporary. One of the funniest concerns a deserted husband roped in to tell fortuntes at the local carnival, only to find himself predicting a dire future for his wife's lesbian lover. The author has a good eye for the miseries of life, a libidinous couple borrowing a house in the middle of the day for the first, tense liaison, a middle aged woman charged with the task of sounding out her friend's sulky daughter about virginity. Not all the stories succeed, but her fans will find, as with Angela Carter, that there is plenty to savour.

Nicholas Best

Stern and bracing creed

INTERNATIONAL CALVINISM, 1541-1715
edited by M. Prestwich. Oxford. £35.00, 403 pages.

THE TERCENTENARY of Louis XIV's Revocation of the Edict of Nantes, by which his grandfather, Henri IV, had given an assured, if limited, toleration to Protestants has been widely noted. The consequences of this act of folly were disastrous for France, and her enemies throughout the Protestant world profited hugely from it.

To commemorate the historic event, Mrs Prestwich has brought together a distinguished lot of scholars—appropriately international — and produced a book learned, judicious and not unreadable for so forbidding a subject.

For one cannot claim that Calvinism added to the gaiety of nations or much to their culture. It divided the Protestant world with Lutheranism, which at least produced the immortal music of Heinrich Schutz and Bach. And what did Calvinism produce? We must in fairness allow a certain stiffening of moral backbones everywhere, which were probably rigid enough already.

One derives a fair impression of Calvinism from those tall, gaunt, claustrophobic houses of the Genevan oligarchy up on their self-sufficient ridge of the old city—not from the gay, inviting quarters of international banking down by the lake. Or from the bare, bleak, stripped interiors of their churches—they preferred to call them "temples"—in the Netherlands, Switzerland itself, Scotland.

Nothing could make Calvin an attractive figure, though he was indubitably a great man: scholar, polemicist, organiser, statesman, a formidable combination. He reminds one of Lenin: an inhuman, tireless worker, dyspeptic and ravaged by internal ulcers, he had an ulcerated view of the world. Luther, though rude and vulgar, was at any rate jollier.

This book tells us that Calvin created "an austere and inquisitive regime" at Geneva. It was more—and worse. John Knox thought it the most beautiful thing since the early Christians, whom it was designed to emulate. But Calvin attacked Castellio for his sensible views on toleration, and had Servetus banned for being unsound on the Trinity. (It is like Lenin's insistence on dialectical materialism as Communist orthodoxy—nonsense of course.)

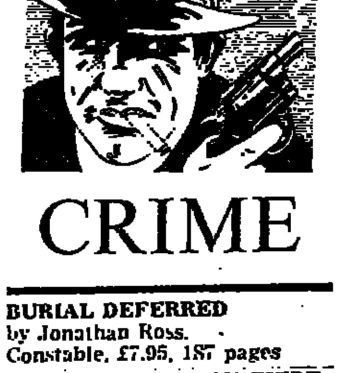
When the Anglican divines attended the Synod of Dort, in James I's reign, they were shocked by the intolerance of the Calvinist brethren, and came back considerably less Calvinist than they went. (This book does not mention the greatest Dutchman of the day, Hugo Grotius, whom the brethren would have killed if he had not escaped from prison.)

The essential Calvinist doctrine of Predestination held that the great hulk of humanity was predestined to eternal damnation and perpetual torment in the hereafter. The enlightened Archbishop Laud protested in the House of Lords that his very soul revolted against such doctrine. A good Anglican, he was anti-Calvinist; they ran him to death for it.

The newest and most informative part of the book deals with France—Calvinism in its rigid logicality and intellectual arrogance was French in inspiration. After the Revocation nearly a quarter of a million of her best citizens left France to add to the resources of other countries: craftsmen, businessmen, teachers, professionals. We learn that, if only Louis XIV had let well alone, the Protestant minority would gradually have been absorbed. As it was, the Revocation strengthened resistance and created a resentful enclave.

The value of the book as a whole is its demonstration of what an international phenomenon Calvinism was, with its organisation and lines of communication. One thinks again and again of the Communist International, dogmatism and all.

A. L. Rowse



CRIME

BURIAL DEFERRED
by Jonathan Ross.
Constable, £7.95, 187 pages

THE BOY FROM NOWHERE
by Margaret Hinxman.
Collins, £7.50, 168 pages

JONATHAN ROSS, a former Detective Chief Superintendent, can always be counted on to get procedure right, and his cops are felicitiously characterised, especially Ross's recurring protagonist George Rogers. This time, in Burial Deferred, Rogers finds himself innocently involved with the crime he then investigates. He is involved also with a handsome widow, Phaedra Haggar, an unusual and successful invention (it would be good to meet her again, but obviously Ross has to avoid entangling relationships for his lonely hero). The central homicide, and the related minor crimes, are deftly worked out. Curiously, a secondary thread is left dangling, an unfair tease.

The new crime novel by Margaret Hinxman could be called a "journalism procedural." The crime centers on a provincial paper, where the victim was an ambitious, abrasive young reporter, and the improvised detective is the more placid Sheila Tracy, who till now has been quite content to write about sales of work and church fêtes.

Margaret Hinxman constructs her story carefully, unhurriedly, building to a not entirely unpredictable but effectively harrowing climax. Minor characters are compassionately handled, and the menace of local politics and emnities and taboos becomes a truly major character in her story.

THE CRIME AND THE CRYSTAL
by Elizabeth Ferrars. Collins, £7.50, 173 pages

FATE WORSE THAN DEATH
by Sheila Radley. Constable, £7.95, 223 pages

THE SPLIT SECOND
by M. R. D. Meek. Collins, £7.50, 167 pages

PROFESSOR Andrew Basnett—Elizabeth Ferrars' engaging, understated retired professor—travels to Australia, on a kind of holiday from his London inactivity in The Crime and the Crystal. He is soon faced by two murders, one in the past, one in the present, and a small, variegated group of suspects. The author, without self-indulgent digressions, exploits her exotic setting. Indeed, Adelaide and the surrounding country virtually become characters in the story. The genuine feel of the place adds authenticity to the tightly-knit plot. The reliable Ferrars at her best.

The Flintknappers Arms sounds like an extremely unpleasant village pub, but it makes an excellent focal point for a rustic crime. Sheila Radley's DCI Quantrill plays a marginal role this time in Fate Worse than Death, while his former assistant, the less-than-likeable Inspector Martin Tait is in the centre of the stage. A nice variation. The crime itself is garnished with a spicy blend of conjugal strife, neighbourhood gossip, non-murderous illegal activity, and Tait's own problems, amorous and economic.

Lennox Kemp, that somewhat hang-dog private eye, goes to Scotland in The Split Second, tracing a wealthy frump who has married a bounder. He meets the lovely, but elusive Alexina and the enigmatic Lindsay, close relative of the missing woman. The solution is not entirely satisfactory (credulity has to be stretched to the breaking-point): but the pace, the setting, and the straightforward prose combine to make this an enjoyable book.

JEWELLED EYE
by Douglas Clark. Gollancz, £7.95, 189 pages

CHIEF SUPERINTENDANT George Masters is, apparently, undertaking a new sort of assignment, with greater freedom of action and greater scope for his powers of detection and (not least) intuition. But, in fact, he assembles in Jewelled Eye the core of his old team, adds a few engaging new elements, and settles down to enquire into a delicate and vital matter of industrial (pharmaceutical) espionage. For the most part, the team sits in a hotel suite and talks. And it is Douglas Clark's great achievement that this talk carries the book. The only real action is at the very end.

William Weaver

The quality of Merce

THE DANCER AND THE DANCE: MERCE CUNNINGHAM IN CONVERSATION WITH JACQUELINE LESSCHAEVE
Marion Boyars, £18.00, 182 pages.

THE MYSTERIES of the choreographic process — the reason behind the making of a dance, if not the answer to the constant public demand to know "what it's about"—receive illumination from an unexpected source in a new book about that most seemingly hermetic of creators, Merce Cunningham.

The Dancer and the Dance is a sequence of extended conversations between Cunningham and a French journalist, Jacqueline Lesschaeve, in which the choreographer talks a great deal of fascinating good sense about his career and his works.

Never accepted as a creator easy to understand on any terms save those absolute ones of dance as dance, Cunningham has yet seen his identity change during the past 40 years from that of eccentric iconoclast to revered guru and creator emulated and vastly influential. He has — quite simply, he probably feels — gone on making dances whose message has become clearer as audiences came to understand Cunningham's rigorous belief about the self-sufficiency of dance, about its independence from music, and the wide possibilities of chance procedures in structuring a work. As he says: "It is enough to keep your ears and eyes constantly open."

This record of his conversations, over a period of several years, provides the most helpful and relaxed way of making us keep our ears and eyes open, and thus learning to understand something of the aesthetic premises and matter of his dances. Cunningham's own simplicity and gentle directness of approach are markedly different from the off-putting arguments and tergiversations of those American writers who squeeze the life out of the dances (and the reader) as they analyse and explain the inexplicable in Cunningham's work.

How much more revealing Cunningham's observation that:

> In life, also, we suddenly see that all sorts of things we thought were stable are not at all so, and we can't function that way any more. In dance as well, that has always interested me, and still does: how to place yourself in an unknown situation and then find a solution, a way out of it: not necessarily the only solution, but a plausible solution. Of course, that requires unconventional procedures.

The detailing of these unconventional procedures, of unknown situations and how he got into them in the first place, and then out of them, is the real subject of the book. And as we discover the range of Cunningham's aesthetic principles, his creative procedures and the very nuts and bolts of how he makes a dance, the choreographic process is exposed and, in an odd way, explained.

Some of the longer questions from Mlle Lesschaeve (about whom the book is wholly uncommunicative) are tedious, but she is an enthusiastic and commited interlocutrix, and Cunningham is wise at all times. "To me, the subject of dancing is dance itself." The book is feebly illustrated: photographs are in the main dull and poorly reproduced, cropped, drearily laid out: but it does include a useful chronology of the Cunningham oeuvre for stage and television. Essential for the devotee, it is well worth reading by the curious, and might even prove a means of conversion for the unbeliever.

Clement Crisp

Rich player

DAVID GARRICK
by Alan Kendall Harrap, £12.95
223 pages.

ALAN KENDALL seems to have relied mostly on Garrick's letters for his information, so that we are told a good deal about his social life but comparatively little about his theatrical life. There is some adverse criticism of his acting by Cibber, and some by David Williams. There is Garrick's own remark about "shaking off the fetters of numbers," and his interesting analysis of the character of Lear. Otherwise his acting is barely mentioned except as the source of his wealth, which was considerable.

Of more concern to Mr Kendall is Garrick's life among the *haut monde*:

> On 8 July the Garricks saw Lord and Lady Camden at Egham, and then visited General Conway and his wife, Lady Ailesbury, at Park Place, Berkshire. They went on to stay with Lord Edgcumbe at Mount Edgcumbe in Devonshire—which Garrick described as "this enchanting place" to Dr Burney — and, on the way back, with Lord Lyttelton at Hagley in Worcestershire.

This is hardly what one looks for in a biography of such modest proportions for such a far-from-modest actor. I felt finally that it might be summarised with a misquotation from Auden — "A £12.95 life will give you all the facts." It doesn't give you much else; no contemporary criticism, for example. Still, it is a pretty book to look at, with a picture on almost every page.

B. A. Young

VSP responds

A MAN OF LETTERS
by V. S. Pritchett. Chatto & Windus £12.95, 305 pages

BORN IN the same year as the Queen Mother, and technically a Victorian, Sir Victor Pritchett is by now the great survivor among British men of letters. And that, as he explains at the start, is his problem: there is no longer a captive audience for periodical essays, he remarks in his preface, or for non-academic criticism.

Still, he has dared to collect some of his own, dating back to 1941, and it is a book that will please his friends and give his enemies (if he has any) few chances. Book-reviews of nearly half a century are arranged here chronologically by subject, the first (or English) half stretching from Fielding to Cyril Connolly, the second given over to Americans and continentals; and there is nothing much to apologise for, as it turns out, except a confusing lack of references and a highly inadequate book-list as the end.

Pritchett was never taught literature, and he is shocked to hear literature is nowadays taught. It is good to know he is so easily shocked. But he is not untrained. He was schooled in the art of laconic phrase-making by a war-time paper-shortage, when he was writing "Books in General" for the *New Statesman*, of which he was to become literary editor, and he has revived a few of those essays here. The earliest reviews are not his best. Shortage of paper made him cut too many argumentative corners and take too much on trust, or appear to; and though it was a good idea to coin a phrase about the Principle of Procrastinated Rape for Richardson's Clarissa, it is less interesting to repeat old assumptions about the eighteenth century as the Age of Reason or to assert that Swift was insane and that Thomas Love Peacock had no political opinions. Downright astonishing too, to call Trollope's Prime Minister, perhaps the greatest political novel ever written, a failure.

Pritchett's more recent essays are better as well as longer, and he is best of all on American writers like Edith Wharton and Henry James. Even the finest phrases need room to breathe in. Some of his best remarks concern Anglo-American contrasts. The European cult of conversation, he remarks of S. J. Perelman, "may inspire refinement in comedy, but is likely to comb all the nits out of the hair;" whereas American monologues like Perelman's leave the nits in.

Good to read about irreversibly minor authors, too, like the Quaker Amelia Opie, whom no one need feel ashamed never to have read. Sir Victor has the high journalistic gift of pinning an author to a board like a skewered butterfly, and some of his phrases are not to be forgotten, like one on Edith Wharton's puritanism: "One imagines God wondering if he dared leave a card;" or on the "cool, antique accent" of the Bloomsbury Group, where the epithet "antique" does not cease to be surprising, as applied to the prose of Virginia Woolf, with the quiet realisation that it is also right.

Occasionally, at its absolute best, this is also a book by a novelist. Sir Victor's mind *is* trained in literature, after all — but by writing it as well as reading it. And when he notes of Arnold Bennett's Clayhanger that its strength lies in the ways its characters misunderstand one another, you sense a training in fiction that no mere academy could give. Bad novels are bad not because their characters do not live, but because "they do not live with one another," only through the author. Or, of Turgenev, that he "always understood how to insert points of rest in which a story can grow of itself." The best of these essays, as it turns out, date from the 1960s and after, a year being laconically supplied at the end of each of them; so it looks as if the way to be taught literature is to write it, and to go on writing it.

A reassuring book, then, in the end, in its hopes of ever-maturing intelligence. Some of these phrases will live.

George Watson

FT critics review seasonal shows in London, Leeds, Sheffield and Manchester

Of fairy-tales and gifts of the gag

La fanciulla del West

PUCCINI'S *Girl* is a good choice for a Christmas opera, a fairy-tale that despite the much-vaunted naturalism of Belasco's play has little connection with reality, and—unique in Puccini—a fairy-tale with a strong Christian message of sin, redemption and communal forgiveness.

That Opera North's new production at The Grand Theatre in Leeds, shared with Netherlands Opera and sung in Italian, should be so excellent makes the choice doubly welcome. Direction (David Pountney), sets (Günther Schneider-Siemssen) and costumes (Lewis Brown) take avantage of the opera's connections with the early cinema to temper naturalism with a lightly ironic distancing. The sets are as if for a film, with scaffolding clearly visible behind cardboard walls, a painted backcloth, and lamps and wind-machine for special effects. Costumes combine realistic dowdiness with a certain cinematic glamour—Minnie's trilby is a masterpiece. A screen is lowered for films of the man-hunt and Minnie's last-minute gallop to the gallows, greatly gingering up a tricky last act, and the blizzard, both screened and stage-blown, for Minnie's first kiss beats *From Here to Eternity* hands down.

All this, together with moments of quizzical humour in Pountney's sharp and wholly sympathetic production, heightens rather than compromises the wholesomely naive story-line: the ultimate effect is genuinely touching rather than mawkishly sentimental, and those accustomed to taking two hankies to *La Fanciulla del West* might care to have a third about their person just in case, especially in view of the sterling musical and vocal values.

The Texan soprano Mary Jane Johnson made a sensational UK debut in the title-role. Her handsome figure and fair, open features combine the Madonna, the maternal and the potential Magdalene in ideal proportions, and her voice reverses the standard heroic-soprano procedure by being incisive in the middle register and unfailingly sweet and warm at the top: the high Bs and Cs in this hideously testing role were beautifully rounded and always part of a meaningful musical phrase, never just screeched. Her singing throughout was as musical as her acting was sincere, generous and aware. Here is an outstanding talent that must be nursed and preserved with the greatest care.

In Caruso's role of Dick, John Treleaven fielded robust tone and a sense of vocal swagger that artfully concealed the proper prudence with which he approached the big moments in a characteristically full-hearted impersonation. He placed the moment of redemption with unusual clarity (first hankie gone phut). Although not in his steadiest voice, Malcolm Donnelly made a powerfully baleful Rance, and the many smaller roles were expertly and tactfully (rather than showily) taken. A sense of ensemble remains Opera North's strongest suit.

Hearing *Fanciulla* in a medium-size theatre reminds one how brilliantly scored it is—for all the colour, the words are always audible—and while never failing to hit the big stuff when necessary, David Lloyd-Jones emphasised the delicacy of the instrumentation within an ideally natural overall pace.

Rodney Milnes

Texan soprano Mary Jane Johnson as Minnie in Puccini's fairy-tale opera

Alastair Muir

The Richmond Theatre's "Babes in the Wood" starring Spike Milligan and Evelyn Laye will be reviewed on Monday

Dick Whittington

YOU COULD loan your pantomime with stars in every part and never get a more endearing performance than you have from the kids in the audience at the Crucible. You would think they must be taught at school to shout all the right things, such as "Hey up!" "behind ya!" or "knickers!" (meaning people that nick things). When the splendid King Rat first pops up through his trap, acting in Martin Duncan's performance rather like King Richard III, the house echoed with boos. In search of a birthday girl, Idle Jack called "Are you there, Sara Jane?" "She's gone to the toilet," yelled a juvenile voice in return.

Sheffield evidently appreciates its audiences, for it has not cast any great television stars in Dick Whittington. Its main comedian is a local favourite, Bobby Knutt, whose gold-rimmed spectacles make him look like a schoolmaster, and perhaps for that reason enable him to communicate instantly with the young. He plays Idle Jack, a character with an appropriate shortage of action in the plot, so plenty of time to be friendly on his own.

His main competitor is David Ross as the Dame, Sarah the Cook. Halfway through the second act, he is at the centre of as grand a custard-pie routine as I ever saw. Amanda Noar is a very shapely Dick, and the part calls for no more. She too has a competitor, Lorraine Brunning as Alice Fitzwarren; I expect Miss Brunning is just as shapely, but she stays respectably dressed. Actually she sings more prettily than Dick, as Mike Kay, the diretor, must have known, for he gives her more of the songs.

The story, which has little to do with the City of London as we know it, but takes in an unhistoric trip to Morocco, is a conventional piece by John Morley. Mr Morley has written 126 pantomimes in the last 20 years, pretty hard to tell apart except for the costumes the designers put the characters into, but well suited for inserting jokes. Terry Brown's costumes at the Crucible, like all the decor, are splendid, either pretty or funny as need be. I thought it a shame, all the same, that Dick did not make her last appearance in the ceremonial robes of the Lord Mayor.

B. A. Young

Whittington Junior

YOU GET a fresh idea of the Whittington saga from the Players Theatre production (Charing Cross, London), where the script has been adapted from versions by H. J. Byron (1862) and R. Reece (1870). To begin with, Dick has no intention of becoming Lord Mayor; "I've no ambition for the civic crown," carols Lisa Hull prettily. He is more concerned with clearing the rats from Algiers, where they are eating into the economy. This is a feat he accomplishes in a moment with the help of his, or rather his employer's, cat Sheila Bernette—a great achievement in its way, though it keeps Miss Bernette off the stage too long.

Dick is also keen to marry Rosemarye (Bronwen Stanway), the daughter of his employer, Alderman Callipash of the Grocers' Company (John Rutland). Callipash, not too happily solvent, would rather match her with Sir Highbury de Barne, so Dick and Rosemarye run away to sea, Algiers-bound, of course, though as Sir Highbury follows them in a balloon they gain little advantage from this.

Dick's rat-clearing qualities having been recognised by the Emperor of Morocco (Michael Kilgarriff, tall and resonant), a bonus is added when the Emperor also recognises him as his long-lost son. Well, the details of a pantomime script do not matter much. What matters here is the charm of the characteristic Players production by Reginald Woolley. The singing is singing, there is not a microphone in the place; and the acting is acting. The scenery (six little sets), also by Mr Woolley, is pretty and practical, and the music, as ever, is contributed by Beethoven, Stephen Foster, Rossini, Handel, *et hoc genus omnes*. Rosemarye sings Grieg's well-known love-song, "Ich liebe Dick." The first act ends with a wholesale selection from Gounod's *Faust*.

The dialogue is written in rhyming couplets that contain the usual agonising puns. ("I will not mansion how silly," one line says.) There are some moments of special pleasure, such as the street-scene in Algiers where Alexandra Sebastian as Rahatlakoum leads a nice concerted routine, neatly danced and sung. Indeed the atmosphere is outgoing and enjoyable throughout.

B. A. Young

Babes in the Wood

THE *Babes in the Wood* at the Palace Theatre, Manchester, swings into action with the two main ingredients to the fore: spectacle and moral fable. Frost Fairy brushes the giltteríng gauze of forest glade to reveal the two babes in a bubble of light. Innocence (a pair of immaculately trained local prodigies) is about to be abducted, but we know that the Spirit of Kindness (in silver tutu) and Fairy Play (Robin Hood in tights) will vanquish the Evil Sheriff before the curtain falls tonight.

Up whips the front cloth and the market place of Nottingham, peopled by winsome, lookalike maidens and Rada outlaws, bursts into a big band dance-number.

Unfortunately, *Babes in the Wood* is the thinnest of the popular fairy-tale plots: hence the action-packed first half petered out into a second half of woodland ballets and the Roly Polys, performing fatties who did the same tap dance in Les Dawson's Blackpool Summer Show two years ago and are unkindly ridiculed by our laughter, whereas true panto humour is satirical but never cruel.

Les Dawson sailed on to the stage like a battleship with fluorescent rigging and took the audience by storm. As bawdy Nurse Ada, he rolls out the much-loved gags like an endless string of sausages, with lashings of ad libbing both to the audience and the rest of the cast. However, Dawson's dead-pan humour makes him more an adult than "family" game. His smutty innuendoes are like sexy winks over the children's heads, while his dry (but never vicious) asides dispel any sentiment towards children: "Yes, I love you," he says wearily to the Babes, as he tucks them up, "despite the acting."

Les Dawson remains guest star; it is John Nettles and Ruth Madoc who awaken our empathy and belief in the immortal myth characters. From Nettle's first entry, as Sheriff with a hint of Richard III, he can hardly snarl out his venomous lines for enthusiastic audience booing.

Ruth Madoc's Robin Hood provides the moral counter-balance: warmth and generosity personified in a forest-green jerkin and a belting good singing voice. She staunchly awakens the spirit of seasonal goodwill in all of us, and there was not a single snigger of cynicism from the ranks of sophisticated-looking children when Robin and Maid Marian serenaded us with "We've gotta change the world." Paul Elliott's production, despite being big business, manages to swing the balance towards heartfelt rather than commercial entertainment.

Charlotte Keatley

Jack and the Beanstalk

AFTER I HAD explained patiently to two not too bright American tourists why the pub next door to the Shaw Theatre in Euston Road is called Eliza Doolittle, I decided that anything going on inside must be on a higher intellectual level. Of course, it was. This *Jack and the Beanstalk* may be short on spectacle and glitter remembered by those of us who grew up with Tom Arnold and Francis Laidler, but it more than makes up for those lost expectations.

For one thing it has a script by David Cregan which is more than a long string of clichés tying up a lot of ancient jokes and loads of real comic invention — the "Indian Love Call" from *Rose Marie* sung as a duet between Jack's cow and a golden egg-laying hen brings home Animal Lib to all of us.

It also has specially commissioned songs which emerge naturally from the story-line.

The cast works as a team without any star nonsense, just as you'd expect from a company containing a lot of graduates from Stratford-East. There is a Jack from the Black Theatre Cooperative — a nice performance here from Vicky Licorish — and Matthew Kelly as his mum walks the thin line between panto dame and drag queen without a slip of foot.

The show's most admirable quality is that it assumes that kids have minds. It doesn't exactly push any blatant morals—like the Duchess in Alice—but there are moments when the two ugly sisters (Jo Warne and Tasmin Heatley), desperate for possession of Jack's mum's house and beanstalk, become tweedy shadows of rampant capitalism. Or am I imagining it all? Well, I suppose pantomime is all things to all people, and this one is delightfully different.

Alan Forrest

Clifton, Bristol, photographed by John Gay

Armchair architecture

IT HAS BEEN a rich year for architectural books and catalogues and it is a positive pleasure to select those that will not just enhance your Christmas reading but endorse as sources of knowledge for the future. There can be no doubt which category *Edwardian Architecture: A Biographical Dictionary* by A. Stuart Gray (Duckworth, £59.95) falls into. It is a superb work of reference that is the culmination of a life's work. Like the indispensable Howard Colvin's biographical dictionary, which I consult constantly, this book provides full details of the architects and their careers with perceptive critical comment when needed. Unlike Colvin this book is handsomely illustrated and includes the work of Edwardian sculptors and artists.

Also falling into the category of indispensable illustrated reference books is the first of a new series called *Timeless Architecture; 1/Masters of Building*, edited by Dan Cruickshank (Architectural Press, £9.95). This first volume is based on analyses of historical buildings which are published regularly in the Architects Journal. There are five well-known 19th century buildings here carefully analysed and each one beautifully photographed in colour. I like the thorough, long look at a familiar building like the Soane Dulwich Picture Gallery or the Reform Club — particularly recommended to anyone interested in the detail of architecture.

It is a good idea to publish the unbuilt work of well-known architects and *Unbuilt Netherlands* by Cees Nooteboom (Architectural Press, £14.95) looks at the energetic projects of, among others, Berlage, de Klerk and Rietveld in period between 1890 and 1900.

Two books on the work of the Adam brothers is a rich harvest in one publishing year. Both are models of their kind. *The Brothers Adam* by Joseph and Anne Rykwert (Collins £15.00) is a sharply written account of the careers of an architectural dynasty, and is fascinating on the early sources of what was to become a complete decorative style. It was an ingenious idea to reconstruct the pattern book that the brothers prepared but never published of their *Designs for Castles and Country Villas* by Alistair Rowan (Phaidon £55). Inevitably it is a somewhat repetitive book with one castle after another—somehow modern reproduction methods do not have the sharpness of an 18th century folio.

Dan Cruickshank's *A Guide to Georgian Buildings of Britain and Ireland* (Weidenfeld and Nicolson, £12.95) is much more than a gazeteer. It is such a thorough look at the buildings of that period that it could easily have been twice as long. As it is it is erudite, approachable, original and very good value.

Private Palaces, Life in the Great London Houses by Christopher Sykes (Chatto and Windus, £15.95) is a refreshing and much needed antidote to the glut of books on country houses. It is one of the few books on this neglected subject.

John Gay's *Cast Iron* (Thames and Hudson, £8.95) has a spirited introduction by Gavin Stamp but is a book you buy for the superb black and white photographs of an arcane but fascinating world of well made artefacts like balconies, garden seats and much mourned, elegant lamp posts.

There should be a very warm, elegant welcome for the long-awaited book on the work of the architect Raymond Erith. The book is not a biography but a short account of the life of this designer and extracts from his writings with a full account of his schemes. *Raymond Erith, Architect* by Lucy Archer (Cygnet Press, £19.50) tells the story of a man who worked as a passionate and articulate classical architect throughout the rise and triumph of the Modern Movement in England. His work, particularly his domestic work, was always gently immaculate and beautifully built. He drew like an angel and judging by the extracts from his writings he certainly felt that classicism was divinely inspired.

Colin Amery

Funding

Suspension and disbelief

THE ARTS world ends the year in a bemused state. It thinks it is in a crisis because of lack of funding but sees few tangible signs of disintegration; it has convinced itself that the Government is the villain but has been unable to launch a concerted, plausible, attack against the new Minister for the Arts, Mr Richard Luce.

Arts Ministers fall into two categories—flambouyant characters like Norman St John Stevas and Lord Gowrie, or low profile diplomats like Paul Channon and Richard Luce. There is a case for thinking that the second grouping is more effective in the long run, perhaps because it raises fewer expectations.

In less than four months as Minister for the Arts Luce has shown himself a shrewd politician, able to deliver just enough to quieten and confuse his critics. He has played the main problem facing the arts, the abolition of the metropolitan councils, well, raising the promised Government money to make good the arts spending by the mets from £16m to £25m.

Luce has also realised that he can hide behind the Arts Council. He boosted the council's basic grant for 1986-87 by 4.7 per cent, near enough to inflation to prevent an outcry. But he maintains, quite rightly, that it is up to the council to distribute the cash, plus the extra for the mets, as it thinks best, so if theatres, like Sadler's Wells in London, and the Liverpool Empire, which received large grants from the mets, are in trouble it is up to the Arts Council to organise a rescue operation.

Luce has also been helped by the decision of the main pressure group ranged against him, the National Campaign for the Arts, to get bogged down in a dispute over figures. Luce, quoting figures linked to the Gross Domestic Product, maintains that the Arts Council has received a real increase in revenue of 7 per cent since 1979 while the National Campaign, quoting RPI statistics, calculates a fall in grant of 1.4 per cent. Such disputes are never decisive, and the general public would not regard a shortfall of the arts of just over 1 per cent as bad enough to justify manning the barricades.

The minister overlooks the high labour content in thearts, which increases costs; the campaign faces problems because no major arts organisation has gone out of business—bodies like the Arts Council and the Royal Opera House have a knack of discovering "reserves" to keep them in business at full tempo.

Luce is a populist arts minister. He is fond of referring to the increasing audiences for theatre and the cinemas. He sees Government policy as "arts for the many and not for the few." He also does not doge the issue that in a period of limited resources extra money for some sectors of the arts will mean a cut in real terms for others. So museums (and especially their buildings), the regions, and schemes to encourage business sponsorship receive more money the British Film Institute and the performing arts, in particular music and the big four London-based companies, the RSC, the NT, the ENO, and Covent Garden, can expect marginal cuts in their grants.

Museums seem to be a particular interest. This week Luce announced a reasonable £8.745m grant to safeguard Merseyside museums after the disappearance of thelocal met; the British Library got its long awaited £61m for the next stage of its Euston Road building (a worthy project but one that eats up much of the increase in arts spending); and next month Luce will announce changes that will enable museums to hang on to the cash they make from such commercial operations as shops and restaurants. They could well pay for the privilege by having their annual grants frozen but it will force them to join the V and A in selling themselves more vigorously.

Luce also found this week an extra £500,000 for the Business Sponsorship Incentive Scheme which gives some Government money to boost arts sponsorship by business. The scheme will now have £1.75m, which should yield £6m or more for the arts, most of it in the regions.

So Luce breaks up for Christmas with the arts world in a quiescent mood. However there are three potential rows looming: over the size of the Arts Council grant to the new South Bank Board; the unsettled business with the five receiving theatres (Sadler's Wells, the Philharmonic Hall and the Empire in Liverpool, the Theatre Royal in Newcastle, and the Sunderland Empire); and the financial plight of the National Heritage Memorial Fund.

The Arts Council will tell the South Bank the size of its grant in January but it is unlikely to be the £11.5m requested. The board has threatened to resign if it does not get sufficient money so Luce might be called upon to find extra cash, perhaps for the £3m planned structural investment. On the receiving theatres the Arts Council hopes to persuade the successor local authorities to make good the subsidy formerly paid by the mets but the £10m gap between what the council wanted as replacement money and what Luce gave appears certain to cause the threatened closure of, say, the Liverpool Empire and perhaps Sadler's Wells.

Richard Luce, a populist Arts Minister who has so far quietened and confused his critics

The Arts Council is locked in conversation with successor councils, and is making hopeful noises, but places like Liverpool just have not got spare money to give to theatres. The council might propose a deal: "We will give more money to other arts organisations in your areas if you take over responsibility for the receiving theatres." In both this controversy, and over the South Bank, Luce can stand back and let the Arts Council carry the burden.

Over the Memorial Fund he is more exposed. The fund needs at least £15m to carry out its task of safeguarding the national heritage. It got a £3m grant for 1986-87 and at the moment is faced with two vital objects threatened with loss broad which would take up all its money—the Portland gold font, valued at £1.25m, and the £3m Castle Howard Bernini bust. Unless the fund gets assurances soon there could be nasty stories of priceless treasures being lost to the nation.

Antony Thorncroft

Radio

Raspe's immortal tales

THERE MUST have been a temptation to celebrate the bicentenary of Munchausen's first appearance in English with a series of some kind. A closer look at those immortal anecdotes must soon have dispelled any such notion. They are as tiny as they are far-fetched. The first edition of Raspe's tales was only 49 pages long. It has taken co-producers Judith Bumpus and Piers Plowright all they can do to stretch them to three-quarters of an hour (Radio 4, Saturday), with the aid of an introductory episode about Raspe riding from debt-collectors down a copper-mine, plus a generous decoration of electronic music written by Elizabeth Parker, way above the stave for the most part.

But the tales, of the horse on the steeple, the wolf harnessed to replace the horse, the climb to the moon up a beanstalk and so forth, are good fun, and admirably told in Colin McLaren's version by Robin Bailey. David de Kyser's voice as Raspe was too easily confused with Mr Bailey's, which it much resembles, but this was a small fault in an enjoyable programme. A larger fault to my ears was the excess of Miss Parker's jolly music.

Gertrude Stein was treated by Win Wells in her *Gertrude Stein and a Companion* (adapted from a stagepiece by Sonia Fraser, redolent of the Edinburgh Fringe) as a character almost as legendary as Munchausen. For one thing, she was dead during most of the play. But the heavy contralto with which Miriam Margolyes equipped Miss Stein was clearly meant to suggest a character larger than life, whether alive or dead. It was a shame that Miss Wells, or Miss Fraser, could not find anything new or exciting to tell us about the Stein-Toklas ménage. The play introduced curtain-lines where it might, not all ideal. If Hemingway ever asked in his "deep, deep voice" (which later reporters call a light tenor), "Do you know who I am?" and Miss Stein replied, "And who were you?" they were borrowing the joke from Somerset Maugham. Still, it was pleasant to be reminded of the Stein legends, and though neither Miss Margolyes nor Natasha Morgan (Alice B. Toklas) sounded quite American enough, it passed a Sunday hour on Radio 3 acceptably.

Leslie (repeated on Radio 4 on Sunday after a first hearing last Friday) was all true, but as hard to believe as Munchausen's exploits. Leslie Lemke was born brain-damaged and had his eyes surgically removed soon after birth. He never learnt how to hold a knife or fork. But suddenly, spontaneously, he began to play the piano, and the programme gave us some of his per formances. He was able to do a transcript of the first movement of Chaikovsky's B minor concerto, with all the virtuoso bits; even more extraordinary, he gave a lifelike imitation of Louis Armstrong singing "Hello, Dolly." There was some medical talk about the Savant Syndrome; but there were more practical things I would have liked to know. Did he turn an orchestral performance of the Chaikovsky into piano-music by himself? Why were the muscles of his piano-playing hands inadequate for eating? How did he learn to breathe so professionally when he was singing, with long, legato lines? These are things as amazing to me as the echolalia that enables him to sing, talk and play at all.

Get Santa (Thursday afternoon on Radio 4) was the first of the Christmas plays. It was an amusing piece of modest satire about two tycoons who decided to take over Santa Claus as their monopoly. Peter Gibbs seemed unsure how to treat his theme, however, for he sent his tycoons to the Arctic to look for a real Santa. (They should have known that he is buried in Bari). He also introduced a touch of Military Intelligence. Never mind, it was intended as foolery, and given a cast that included Barry Morse and John Bluthal as the tycoons and Dinsdale Landen as their driver, encoding his intelligence in the form of letters to his mother. John Tydeman was the director.

B. A. Young

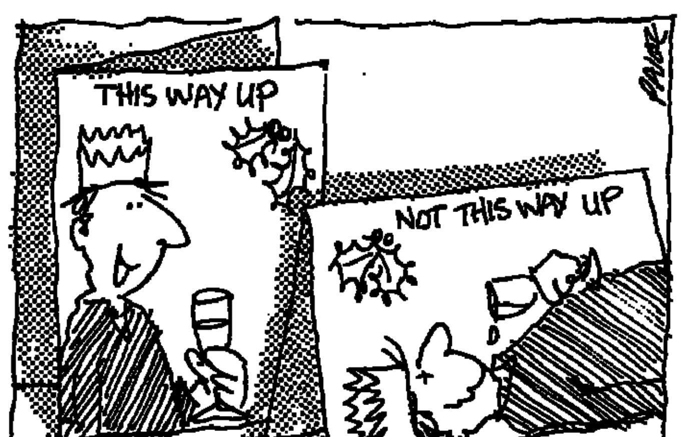
Solution to Chess No. 599

1 P-K4, P-K4; 2 Q-R5, N-QB3; 3 P-KN4, P-Q3; 4 P-N5, K-Q2; 5 B-R3 ch, P-B4; 6 PxP en passant mate.

WEEKEND FT

Private View

A card lays down a Law



CHRISTMAS CARDS present no difficulties for two types of people. There are those who will have nothing to do with them. However many they receive they will not reciprocate, on some sort of principle. If they are resolute enough, they have no problem.

At the other extreme there are those who revel in Christmas cards, who send them out to anyone on the slightest pretext, and glory in those they attract in reciprocation.

Such "Christmas card people" of course know where to put them when they arrive. The whole year has been a preparation for their arrival. Long *before Christmas Day they have* lovingly constructed huge paperchains of cards, strung across the room; or pyramids, or other complex structures.

For those of us who follow a Middle Way, life is a little more difficult. We will send cards to people who expect them, and will display the cards we receive, but will not build our lives around them. This course of moderation is, however, easier to expound than to follow.

In the first place, it is necessary to look very carefully at what is written on the cards. For how can one reciprocate or show any gratitude if there is only an illegible signature?

A few senders are aware of the problem and attach some kind of printed name and address. But all too often this is on an insecurely fastened piece of paper, which easily gets detached, and will not stand with the card without a lot of stapling.

The *reductio ad absurdum* is the personal visiting card, insecurely clipped on. If people must do this, could they at least staple the visiting card on firmly so that one's communications do not fly apart and become confused with each other.

Yet another hazard is that some people write messages on their card, not only of general or seasonal goodwill, but specific invitations to parties, dinners or suggested meetings. It is terribly easy to overlook them until it is too late.

Then there are the messages: people will express a general opinion or comment on something one has written. The problem about replying to such a message on one's own card, is that it admits that one had not already sent a card in the post. The sender may legitimately wonder whether he or she really was on his friend's original list, or added at the last minute, by way of reciprocation.

But all these problems fade into insignificance compared with the overwhelming one of Christmas cards of the wrong shape and size which will simply not stand up.

For practitioners of the Middle Way, who are not adept at chains of cards or other complex arrangements, will usually want to stand their cards up on some convenient table—"standing on their own two feet" as some politicians might put it.

A few weaker brethren can, however, spoil the whole effect. For the Christmas card which falls down, will not simply stay down by itself like a good soldier slain on the field of battle. On the contrary, it will usually, in falling, topple over many of its neighbours. These will in turn topple over still more. One can easily spend a ridiculous amount of time simply trying to get Christmas cards to stay standing up.

The most obvious offenders are the simple flat cards, like the postcards sold in art galleries. These are obviously not designed to stand and most recipients will simply stack them separately, away from the main display.

The worst offenders are less obvious. These are cards which are meant to stand up, but will not do so. A little simple geometry will explain.

Most cards consist of a rectangular piece of cardboard or hard paper, folded over to form another rectangle. The position of the picture or message indicates on which side it is meant to stand.

Here is where we come to Brittan's law. This states that cards with a fold on the side will usually stand up. This rule is qualified by "other things being equal," "on the whole," "as a general trend" and all the other qualifications used by economic writers. But it is more true than false.

Brittan's Law has its Contrary Theorem. This states that cards which fold at the top will invariably widen out and then collapse.

As I do not like spending my leisure time vainly resurrecting fallen Christmas cards, I have developed a ruthless method. I always stand every card with its fold on a side, even if this means that the picture or words have been rotated through 90 degrees and one has to lean to a dangerous angle to see it.

But this is obviously a second best. So my New Year resolution for charity organisations, and commercial makers of Christmas cards, is this: MAKE SURE THAT ALL YOUR 1986 CARDS HAVE THEIR FOLD AT THE SIDE.

If enough people take up the call, self-interest will force the manufacturers to fall into line. But whether they do or not I am not going to spend any more time standing up cards which are in unstable equilibrium.

Samuel Brittan

Castled in the air

"*I WISH we had chess palaces like in the Soviet Union—grandiose hotels complete with saunas. For our chess clubs, it's church hall grottiness and limited hours. We're third best in the world, and strong contenders for second place. It would be nice if our social infrastructure matched the international successes.*"

Ray Keene, grandmaster, press officer of the British Chess Federation, and author of 47 chess books, speaks very quickly. He's a man in a hurry, eager to establish a national chess centre in London, a splendid place in the middle of town where people could go at any time "*without being revolted* by the surroundings."

In New York there's the Marshall Chess Club, very spacious, with a huge library, open to everyone 24 hours a day. Celebrities like Woody Allen pop in. But, according to Mr Keene, few celebrities would be drawn to British clubs, "unless they want to catch pneumonia."

There are exceptions. Hastings, with its own premises, offers facilities similar to those provided by the Marshall. London's King Head is a pub club, frequented by grandmasters. And there's a fantastic chess room in the House of Commons.

But high rents and commercial interests have been squeezing clubs out of their homes. Brighton had rented rooms by the Pavilion for about 80 years. A couple of years ago the council rocketed their rent up because, says Mr Keene, they wanted to turn the place into a gift shop.

The famous Simpson's restaurant in the Strand was once a chess club where some of the world's best players met over morning coffee and cigars.

But chess clubs are flourishing. The game began taking off in the early 70s, and by the early '80s there was a chess explosion. Now there are an estimated 1,800 clubs, many quite small, and more than 3m regular players.

One of Britain's oldest and most prestigious clubs, Hampstead, celebrates its centenary this month. A stack of ageing, *leather-bound notebooks*, passed down from one generation of players to the next, records its triumphs and failures in beautiful old-fashioned script.

Once it was peopled by ladies and gentlemen whose admission required the backing of two members and committee approval. Today anyone can join.

Although the game has overspilled its genteel confines and is now universally popular, the number of women players remains extremely low. Enthusiastic girls often lose interest at the onset of adolescence. About 10 per cent of all chess players are women, yet they only represent some two per cent of regular competitive players.

But there has been a vast increase among children. Chess is a great age leveller. Not long ago MPs played against schoolchildren from the East End of London. The children won.

Some adults find such losses hard to take. One man, playing against a YMCA team, wouldn't shake hands with the boy who defeated him. Others complain that youngsters get too noisy. About 10 years ago there was a children's section at Hampstead which met before we did. "But," a disgruntled member recalls, "it got totally out of hand. They *just wouldn't leave. You'd be* in the middle of a serious game and one of them would throw a castle at you." So out went the children.

Every club cherishes its champions. Hampstead has had more than its fair share, including the present British champion, Jonathan Speelman, a youngish giant with thick-lensed glasses radiating genius. Over a pint at the pub he asked me the date of my daughter's birth, took a few seconds to think, then told me the day of the week.

The gentlemen haven't disappeared. My favourite is an elderly Hungarian, with whom I once had an unfinished game in a competition. I agonized for weeks going over it again and again. No use. It seemed a clear win for him.

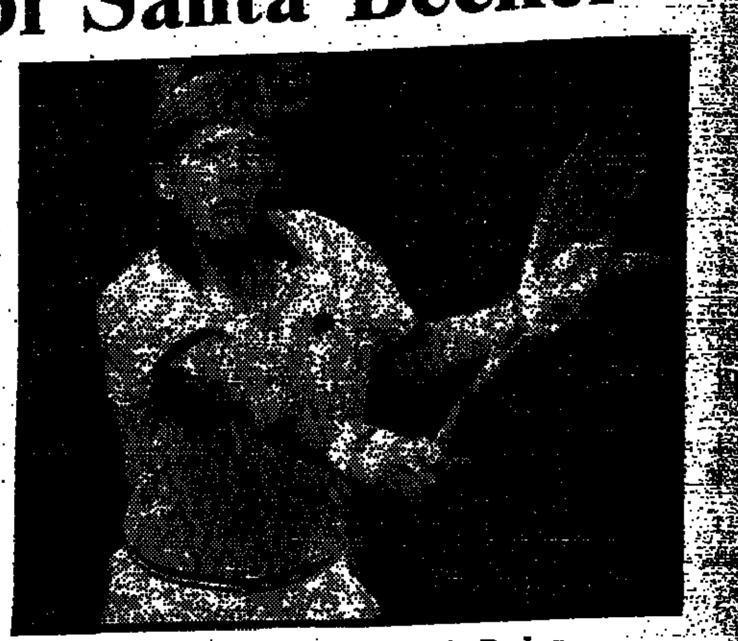
I phoned, saying I resigned. "Vy, dahleenk?" he asked. "Eet's a draw."

That half point cost him the competition.

Fay Ainslow

John Barrett reports on the Davis Cup in Munich

Land of Santa Becker



Honest and relaxed: Boris Becker

CHRISTMAS HAS come five days early in Munich as the Davis Cup final this weekend between Germany and the holders, Sweden, in the vast indoor Olympic Stadium, inaugurates the festive season. If the 18-year-old Wimbledon champion Boris Becker can lead Germany to a first-ever win in this historic 85-year-old competition there is a real danger that Father Christmas himself will be submerged in a sea of euphoric national celebration.

The odds are against it. Commonsense demands that the powerful Swedes will start as strong favourities to record their third win overall and their fourth in eight meetings against Germany since 1939. Wilander (ranked three) and Anders Jarryd (*eight*) are playing in their third consecutive final; Joakim Nystrom (11) who will play in his first Davis Cup doubles today with his usual partner Wilander (due to Jarryd's bout of influenza) was one of the singles players in the unsuccessful 1983 final against Australia; Stefan Edberg (five), the newly crowned champion of Australia, last year with Jarryd struck the winning blow against the Americans in Gothenburg when they inflicted the first ever Davis Cup doubles defeat on John McEnroe and Peter Fleming to give Sweden a winning 3-0 margin.

But Germany have been upsetting the odds all year. After winning the first three rubbers against Spain in Sindelfingen, Becker (ranked 6) and Hans Schwaier (47) won against the US on clay in Hamburg. This coming on top of Becker's Wimbledon triumph ignited the fires of national enthusiasm to such a degree that Franz Beckenbauer, Germany's soccer manager, was moved to complain to the national press that soccer was being pushed off the sports pages by tennis.

Football clubs were altering the times of their matches to avoid the match against the US and then, in October, Rene Weller, the European lightweight boxing champion, switched his fight to avoid the tie in Frankfurt against Czechoslovakia. "I cannot fight against Boris Becker," he said.

Becker, already a national hero, is now the best known face in Germany. President Charles Stauder came second to Becker's 91 per cent in a national recognition poll. Soon Becker's cheery grin and shock of red hair could be seen on every magazine cover and on every TV chat show imaginable. He was even interviewed in America by Johnny Carson and in Britain by Terry Wogan.

The way Becker has remained as openly honest and relaxed under the media pressure and personal acclaim (he has received over 80,000 fan letters in the past three months) is a tremendous compliment to his parents and to his wily manager, Ion Tiriac, the former Romanian Davis Cup player.

The effect of Becker's success on German tennis has been dramatic. Already the most active tennis nation in Europe with 1.6m registered club members at the end of 1984, Germany has seen an estimated 250,000 new players starting the game this year. And even with 34,000 courts there is a dire shortage of facilities.

The Deutscher Tennis Bund accepts the need to expand facilities or to build new ones. A recent nationwide poll showed that there are 6.4m people who would play tennis if the game was a little cheaper and easier to play. In fact tennis is becoming cheaper at those long-established clubs where the building loans are almost paid off. An average membership fee today is only DM200 to 300 (£57 to £85). The big problem, as in Britain, is getting planning permission for new schemes.

The Davis Cup will provide the DTB with much-needed revenue to assist the expansion. As a result of turning over the marketing of the final to Tiriac (a controversial decision) the federation can expect a gross income of approximately DM 5m. Their take for the whole Davis Cup season will be nearer DM 7m.

In a curious way the intensity of national support and expectation may inhibit Becker's performance. It is always difficult to play in front of your own and certainly at the draw on Thursday he looked tense for the first time. He would have preferred to play Wilander first so that yesterday's match against Edberg was both a strain and a rubber that both sides knew would probably be decisive.

Although the very fast DLW carpet laid on a concrete base with an asphalt-covering will favour the big serving Germans the bounce is higher than they would have liked so that Wilander will not be as hindered as much as he might have been.

Whatever the outcome, the game will gain enormously from the worldwide interest. Twenty nations are televising the matches and more than 230 accredited journalists will be sending their stories to all corners of the globe. The tales they will tell will be of fine young representatives of their respective countries, fighting to the last gasp with none of the unpleasantness that surrounded the American performance last year. For that we can all be grateful.

Country Notes

Cachet added to a feast

MY FIRST experience of what might be called the nitty-gritty of the Christmas season was as a farm boy in New Zealand. There were two or three turkeys round the yard and I was deputed to kill one and prepare it for the feast. I had never done this before; but my boss was a man of uncertain temper and I knew he would have given me a roasting for Pommy incompetence. So, I decided to have a go.

I thought it would not be too hard. After all, and with my boss's temper in mind, I had already learnt how to wring a chicken's neck quite effectively, to say nothing of slaughtering ducks and sheep. I reasoned that a turkey would be no worse—only bigger.

I was wrong. It was far too strong for my inexperienced *hands. There was but one thing* to do: I took it to the back of the wool shed and blew off its head with a .303 rifle.

There remained to pluck the bird, and I hung it up and went to work. It was rather tough, though, and I wore my fingers to the bone pulling out the feathers as well as tearing the skin.

At this stage the boss (whom I suspected knew as little as I did) appeared on the scene and took over. After a few minutes, he lost his temper. "You have ruined it, boy," he roared. Out came his knife and he skinned it. Actually, because *his* wife was a good cook the result was not too bad; and the stuffing and sausage meat were just as well at the side of the plate as sewn into the bird. "After all," said the boss, "it is more sanitary this way."

I never skinned a turkey; but I wished I had when a friend gave us a goose for Christmas. The bird was delivered dead and I set to work plucking it. Now, a goose's plumage grows in two parts: the external feathers and the down. The feathers came away quickly enough but the *down defeated me, and the* bird I handed to my wife looked like a bad case of seven o'clock stubble. She decided to singe it off and held it over a tin bath of burning newspaper. The flames waxed exceedingly, scorched her hands, and the bird fell into the fire, from which it was rescued with difficulty.

The charred skin added a certain cachet to the feast but we found that the goose is a most disappointing bird. Had I skinned it first, there would have been little left on the carcase and most of the flavour would have gone.

This reminds me of my first Christmas in Argentina where, 50 years ago, eating red meat was the way of life. The Christmas treat for the staff of the *estancia* where I was working was "Asado con Cuero" (roast in the skin). A couple of big calves were spitted over an open fire, with the skins away from the heat. This process ensured that all the natural juices were kept in the flesh, and we gorged ourselves on the tender meat without benefit of plates or vegetables.

This *estancia* was one of the last traditional ones in the area where the owners liked to carry on the old life. My next Christmas was on a much more businesslike establishment where every beast had to be accounted for to head office in Buenos Aires.

So, this Christmas the treat was a half-grown porker cooked whole on the fire using the technique described by Charles Lamb in his dissertation on roast pig. In fact, it lay among the flames until the cook, one of the *estancia* hands, pronounced it ready. Such was his culinary skill that I suspected he could have been one of the reasons our pig herd never grew any larger.

Some years ago, I was invited to a Christmas party at a friend's home in Jamaica. I soon realised that the invitation was not entirely disinterested when, as soon as I arrived, the host led me to the garden where a large pig was lying in a pit surrounded by wood.

As a farmer, he said, you must know about these things: please roast it for us. Thus, I spent most of the evening doing that aided by one or two enthusiastic amateurs (whom I suspected knew more than I did). Just before midnight we *pronounced it ready, dragged it* from the fire and cut hunks off for the guests. They just about devoured it; but as they had been drinking steadily for about four hours, they must have had little appreciation for what was put before them. After all, hunger makes the best sauce.

John Cherrington

TELEVISION AND RADIO

SATURDAY

† Indicates programme in black and white

BBC 1

8.30 am The Family-Ness. 8.35 Children of Fire Mountain. 9.00 Saturday Superstore. 12.15 pm Grandstand, including 1.10 News Summary; 12.20 Football Focus; 12.40 Rallycross; Racing at 12.55, 1.25, 2.00; Rugby League at 2.15, 3.10; 4.00 Ice Hockey; 4.40 Final Score. 5.05 News. 5.15 Regional Programmes. 5.20 The Krankies Elektronik Komik. 5.50 Bob's Full House. 6.25 Film: "Carry On—Follow That Camel." 8.00 Juliet Bravo. 8.50 Only Fools and Horses. 9.20 News and Sport. 9.35 Edge of Darkness. 11.20 Film: "Dead Cert." 12.50-12.55 am Weather.

BBC 2

1.50 pm The Sky at Night. †2.10 Film: "The Cheaters." 3.35 Film: "The Nativity." 5.05 Richard Dimbleby: A Broadcasting Life. 6.00 Deutsch Direkt! 6.25 James Cagney—That Yankee Doodle Dandy. 7.15 News and Sport: Weather. 7.30 The *Doggy* Man. 8.00 Opera For Africa. 10.05 Saturday Review 1985. 11.20-1.16 am Film: "Three Brothers."

LONDON

6.55 am Good Morning Britain. 9.25 TX. 11.00 Mr T's Christmas Dream. 12.00 News. 12.05 pm Saint & Greavsie. 12.30 Wrestling. 1.20 Airwolf. 2.15 Gymnastics. 4.15 Benson. 4.45 Results Service. 5.00 News. 5.05 Blockbusters. 5.35 Blind Date. 6.15 Copy Cats. 6.45 3-2-1. 7.45 Christmas Cannon & Ball. 8.45 ITN News and Sport. 9.00 *Movie Premiere:* "Reds." 12.25 am LWT News Headlines and Night Thoughts.

CHANNEL 4

12.30 pm Channel 4 Racing. †2.30 Film: "The Mikado." 4.10 Gnomes. 5.05 Brookside Omnibus. 6.00 The Puppet Man. 6.40 World of Animation. 7.00 News Summary and Weather followed by 7 Days. 7.30 The Planets. 8.00 Beats of the Heart. 9.00 Upstairs, Downstairs. 10.00 Hill Street Blues. 11.00 Who Dares Wins . . . 11.45 International Tennis. 12.45 am O'Malley.

S4C WALES

12.30 pm Racing from Lingfield Park. 2.35 Saturday Concert. †3.25 Film: "Crime And Punishment." 5.00 Gardeners' Calendar. 5.30 Upstairs, Downstairs. 6.30 The Making of Treasure Hunt. 7.00 Hwrlibwrli. 7.30 Newyddion. 7.45 Camau Troellog. 9.10 Sylw Un. 9.20 Y Maes Chwarae. 10.10 Beats of the Heart. 11.10 Jancis Robinson's Christmas Wine List. 11.45 International Tennis: The Davis Cup Final.

REGIONS

IBA Regions as London except at the following times:

ANGLIA
4.15 pm Small Wonder. 12.25 am Candles in Advent.

BORDER
4.15 pm Small Wonder.

CENTRAL
4.15 pm Small Wonder.

Ken Dodd in "Copy Cats," ITV, 6.15 pm

CHANNEL
11.00 am Puffin's Pla(i)ce. 11.10 Tarzan. 11.58 Channel Islands Weather Summary. 4.15 pm Small Wonder. 5.05 Puffin's Pla(i)ce. 12.30 am Weather.

GRAMPIAN
4.15 pm Small Wonder. 12.25 am Reflections.

GRANADA
4.15 pm Diff'rent Strokes. 12.25 am *Cher at Caesar's Palace.*

HTV
11.58 am HTV News. 4.15 pm Happy Days. 12.35 am Something's Coming. 12.40 Weather.

HTV WALES—As HTV West except: 12.35 am Weather.

SCOTTISH
11.00 am Canadian Wildlife. 11.15 The Glen Michael Cavalcade. 4.15 pm Small Wonder. 12.25 am Late Call.

TSW
11.00 am Gus Honeybun's Magic Birthdays. 11.03 Freeze Frame. 11.57 TSW News. 4.15 pm Small Wonder. 5.05 Newsport. 5.10 Blockbusters. 12.30 am Postscript. 12.35 Weather and shipping forecast.

TVS
11.57 am TVS Weather. 1.20 pm Knight Rider. 4.15 Small Wonder. 12.25 am Company.

TYNE TEES
12.25 am Post's Corner.

ULSTER
11.58 am Lunchtime News. 4.15 pm Small Wonder. 5.57 Ulster News and Weather. 12.20 am News.

YORKSHIRE
4.15 pm Small Wonder.

RADIO

(S) Stereo on VHF

BBC RADIO 2
6.05 am David Jacobs (S). 10.00 Sounds of the 60s (S). 11.00 Album Time (S). 1.00 pm Radio Active. 1.30 Sport on 2. 6.00 Folk on 2. 7.00 Beat the Record. 7.30 James Galway's Christmas Collection (S) (8.20-8.40 Interval). 9.30 The Christmas Glow (S). 10.05 Martin Kelner (S). 12.05 am Night Owls (S). 1.00 Peter Dickson presents Nightride (S). 3.00-4.00 A Little Night Music (S).

BBC RADIO 3
6.55 am Weather. 7.00 News. 7.05 Aubade: Khachaturian, Larsson, Roussel, Schoenberg, Smetana, Brahms, Delibes (S). 9.00 News. 9.05 Record Review, including Building a Library: Berlioz's Symphonie Fantastique (S). 10.15 Stereo Release: Dvorak, Beethoven (S). 11.15 BBC Philharmonic Orchestra, Part 1: Kodaly, Sibelius (Violin Concerto, with Eugene Sarbu) (S). 12.05 pm This Sporting Life: Tom McNab on topical sporting issues. 12.10 Concert, Part 2: Beethoven (Symphony No 1), Tchaikovsky (S). 1.00 News. 1.05 Heinrich Schutz: The Christmas Story (S). 1.45 Fleder Trio: string trios (S). 2.30 Ars Gallica, French music: Messager, Lalo, Chabrier, Franck (S). 4.30 Domenico Scarlatti (S). 5.00 Jazz Record Requests (S). 5.45 Critics' Forum. 6.35 Music for the Iron Voice (S). 7.15 The Discreet Charm of Niels Bohr. 8.00 BBC Welsh Symphony Orchestra: recorded concert, part 1: Rossini, Siegfried Matthus (S). 8.30 Alkan, Rossini and Others. 8.45 Concert, part 2: Mahler (S). 10.00 *As Others Saw Us.* 10.20 *Scriabin* (S). 11.00 Musica Antiqua, Cologne (S). 11.57-12.00 am News.

BBC RADIO 4
7.00 am News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 In Perspective. 7.50 Radio 4 Christmas Competition. 7.55 Weather; Travel. 8.00 News. 8.10 Today's Papers. 8.15 Peace, Brotherly Love and a Punch in the Mouth (S). 8.45 Yesterday in Parliament. 8.57 Weather; Travel. 9.00 News. 9.05 The Dark Christmases. 9.50 News Stand. 10.05 The Week in Westminster. 10.30 Pick of the Week (S). 11.20 Nuts For Christmas (S). 12.00 News; A Small Country Living at Christmas. 12.27 pm News Quiz of the Year (S). 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News; The Afternoon Play (S). 3.00 News; A Christmas Story. 3.30 South Africa at Christmas. 4.15 Serendipity on the Shropshire Union. 4.30 Kaleidoscope. 5.00 Call Sign Weld. 5.25 Week Ending (S). 5.50 Shipping Forecast. 5.55 Weather; Travel. 6.00 News; Sports round-up. 6.20 Joy to the World (S). 7.05 Stop the Week With Robert Robinson (S). 7.45 Baker's Dozen (S). 8.30 Saturday-Night Theatre (S). 9.58 Weather. 10.00 News. 10.15 Evening Service (S). "The Night is Far Spent." 10.30 Solstice (S). 11.00 News Quiz of the Year (S). 11.30 Once Upon a Time (S). 12.00-12.15 am* News; Weather. 12.33 Shipping Forecast.

SUNDAY

BBC 1

† Indicates programme in black and white

8.55 am Play School. 9.45 Articles of Faith. 9.30 This is the Day. 10.00 Asian Magazine. 10.30 Former Glory. 11.50 See Hear! 12.40 pm Farming. 1.03 Weather News for Farmers. 1.05 News Headlines. 1.10 Rockspell. 2.00 Eastenders. 3.00 Tom and Jerry. 3.10 Botham over Britain. 3.40 The Treble. 4.45 Sky-Dive to Autana. 5.30 Oliver Twist. 6.00 Sir Richard Attenborough appeals on behalf of the Muscular Dystrophy Group. 6.05 News; Weather News. 6.15 Songs of Praise. 7.15 Film: "The Jazz Singer," with Neil Diamond. 9.05 News; Weather News. 9.20 Shadowlands. 10.50 Do They Know It's Christmas. 11.24 Manilow's Christmas Magic. 12.00-12.15 am Weather.

BBC 2

11.45 am †Champidon, The Wonder Horse. 12.10 pm Windmill. 1.10 States of Mind. 2.00 Rugby Special. 2.30 The Orson Welles Story (4.20-4.25 Interval). 5.30 News Review with Subtitles. 5.50 Thinking Aloud. 6.30 Skin Sunday. 7.15 The Natural World: Aspen—A Dance of Leaves. 8.05 Comrades: Doctor in Moscow. 8.45 Under Sail. 9.05 Film: "The French Lieutenant's Woman." 11.05-12.00 am *The Other Side of All.*

LONDON

6.55 am Good Morning Britain. 9.25 Wake Up London. 9.35 The Merrie Melodies Show. 10.00 Morning Worship. 11.00 Link. 11.30 The Questors. 12.00 pm Weekend World. 1.00 Athletics. 2.00 The Story of the Carol. 3.00 Regional News Headlines. Followed by Police 5. 3.15 The Smurfs. 3.30 Bullseye. 4.00 Golden Pennies. 4.30 Sunday Sunday. 5.30 Albion Market. 6.00 News. 6.10 Highway Christmas Special. 7.15 Child's Play. 7.55 Me and My Girl. 8.20 Surprise, Surprise! 9.20 News. 9.35 The Death of the Heart. 12.25 am Regional News Headlines. Followed by Neil Sedaka in Concert. 1.20 Christmas Night Thoughts.

CHANNEL 4

1.05 pm Irish Angle. 1.30 Cartoon Carnival. 2.00 International Tennis. 5.15 World of Animation. 5.30 *Altarpieces.* 6.00 *American Football.* 7.15 News Summary and Weather followed by Baryshnikov on Broadway. 8.15 The Jewel in the Crown. 9.15 The Mysteries. 11.40† The Twilight Zone.

S4C WALES

1.30 pm The Planets. 2.00 International Tennis. 5.30 Hannibal's Footsteps. 6.00 American Football. 7.10 Superted. 7.20 Newyddion. 7.30 Trebor. 8.00 Hywel Gwynfryn. 8.35 Dechrau Canu, Dechrau Canmol o Morieh. 9.05 The Jewel in The Crown. 10.05 Byd Cerdd. 10.35 Dydd yr Esgob. 11.05 Sylw Un. 11.15 On Angel's Wings. 12.10 Seven Days.

REGIONS

IBA regions as London except at the following times:

ANGLIA
9.25 am From Grape to Glass. 3.00 pm Simon and Simon. 4.00 Puff Buffs in Bavaria. 4.30 Golden Pennies. 5.00 Bullseye. 12.20 am The Mystery of Christmas.

BORDER
9.25 am Border Diary. 9.30 Cartoon. 3.00 pm Film: "Gunsmoke." 4.30 Golden Pennies. 5.00 Bullseye.

Patricia Hodge in "The Death of the Heart," ITV, 9.35 pm

CENTRAL
9.25 am How the Kiwi lost its Wings. 3.00 pm Film: "Carry On Again Doctor." 4.30 Golden Pennies. 5.00 Bullseye.

CHANNEL
12.25 pm Today's Weather. 12.25 Starting Point. 12.30 Getting On. 3.30 Working for a better Life. 4.30 Puffin's Pla(i)ce. 4.33 Falcon Crest. 5.58 Channel News Headlines.

GRAMPIAN
9.25 am Cartoon. 9.30 The Merrie Melodies Show. 10.00 Joy to the World. 10.30 The Christmas Magic Show. 3.00 A Christmas Carol. 4.30 Scotsport. 12.20 am Reflections.

GRANADA
9.25 am Cartoon. 11.25 Aap Kaa Hak. 11.30 This Is Your Right. 3.00 Film: "In Tandem." 4.25 Cartoon. 4.30 Golden Pennies. 5.00 Bullseye.

HTV
9.25 am Cartoon. 3.00 pm Hotel. 4.00 A for Agnetha. 4.30 Golden Pennies. 5.00 Bullseye. 12.20 am Something's Coming. 12.25 HTV Weather.

HTV Wales—As HTV West except: 3.00-4.00 pm Club Rugby. 12.20 am HTV Weather.

SCOTTISH
9.25 am Screen Test. 10.00 Carol Service. 10.30 A Christmas Carol. 3.00 Mr T. 4.30 pm Scotsport. 12.25 am Late Call.

TSW
9.25 am Link, followed by South West Link. 11.00 The Questors. 11.25 Look and See. 11.30 The South West Week. 3.00 pm Farming News. 4.30 Gus Honeybun's Magic Birthdays. 4.30 Falcon Crest. 12.25 am Postscript. 12.30 South West Weather and Shipping Forecast.

TVS
9.25 am Action Line. 3.00 pm Film: "Big Rose." 4.25 TVS News. 4.30 Golden Pennies. 5.00 Bullseye. 12.20 am Company.

TYNE TEES
9.25 am Morning Glory. 9.30 Links. 11.00 The Questors. 11.30 Sunday Lookaround. 11.35 The Adventures of Gulliver. 3.00 Hotel. 4.00 Lookback. 4.30 Golden Pennies. 5.00 Bullseye. 12.20 Epilogue.

ULSTER
9.25 am Advice with Anne Hailes. 12.58 pm Lunchtime News. 3.00 Benji takes a drive at Marineland. 3.30 Farming Weather. 4.00 The Pumpkin who could not Smile. 4.30 Golden Pennies. 5.00 Ulster Christmas Rejoice. 5.32 Ulster News and Weather. 12.25 am News at Bedtime.

YORKSHIRE
9.25 am Regional Weather Forecast followed by Link. 11.00 The Questors. 1.30 The Merrie Melodies Show. 3.00 pm Film: "Cactus Jack." 4.30 Golden Pennies. 5.00 Bullseye. 12.20 am Five Minutes.

RADIO

(S) Stereo on VHF

BBC RADIO 2
7.30 am Roger Royle (s). 9.00 Melodies For You (s). 11.00 Desmond Carrington (s). 1.00 pm Gloria Hunniford Presents Two's Best (s). 2.00 Benny Green (S). 3.00 Alan Dell (S). 4.00 A Proper Charlie (s). 4.30 Sing Something Simple (s). 5.00 Charlie Chester. 7.00 Kenneth Alwyn. 7.30 A Box at the Opera. 8.30 Sunday Half-Hour. 9.00 Your Hundred Best Tunes. 10.05 Christmas Songs from the Shows. 10.45 Richard Markham and David Nettle. 11.10 Sounds of Jazz (stereo from midnight). 1.00 am Peter Dickson (s). 3.00-4.00 A Little Night Music (s).

BBC RADIO 3
7.00 am News. 7.05 The Court of Mannheim (s). 8.00 Schubert (s) String Quartet in G (D887). 9.00 News. 9.05 Your Concert Choice (s). 10.30 Music Weekly. 11.15 Jean-Philippe Collard and the Pasquier Trio (s). 12.15 pm City of Birmingham Symphony Orchestra (s) conducted by Rattle. Part 1: Schubert (Symphony No 5), Takemitsu. 1.00* Words. 1.05* Concert (s) Part 2: Rodrigo and Debussy. 1.55 Bach on Record. 2.30 BBC Philharmonic Orchestra (s). 3.40 Aldeburgh Festival (s). 4.00 Vermeer String Quartet. Part 1. 4.20 Reflections. 4.40* Recital (s) Part 2. 5.30 A sequence of poems and prose. 6.15 Bach on Record. Chromatic Fantasia and fugue. 6.30 If Such Had Been a Bee-keeper (s). 7.00 The Country Wife (s) by William Wycherley. 9.00 Joe Hill: The Man Who Never Died (s). 10.05 As Others Saw Us. 10.25 Joe Hill (s) Act 2. 11.57-12.00 News.

BBC RADIO 4
7.00 am News. 7.10 Sunday Papers. 7.15 Sunday. Religious news from home and abroad. 8.50 Gloria Hunniford talks for the Week's Good Cause. 8.55 Weather; Travel. 9.00 News. 9.10 Sunday Papers. 9.15 Letter From America. 9.30 Morning Service for Advent Sunday. 10.15 The Archers. 11.15 Radio 4 Christmas Competition. 11.20 On Father Christmas's Doorstep. 12.00 Music (s). 12.30 Treasures and Trifles. 12.55 Weather. 1.00 News; World This Weekend; News. 1.55 Shipping Forecast. 2.00 News: Instant Sunshine. 2.30 Seasonably Together Again (s). 2.30 The Afternoon Play (s). 4.00 News; The Quiet At Loving Eye. 4.30 Kaleidoscope. Travel. 5.05 Orca: A Whale Called Killer (s). 5.50 Shipping Forecast. 5.55 Weather: Travel. 6.00 News. 6.15 Feedback. 6.30 You Can't Shut Out The Human Voice (s). 7.30 An Irish Diary. 7.35 After Henry (s). "A Week of Sundays." 8.00 The Woodlands Gospels (S). 8.59 Weather. 9.00 News. The Boy With a Cart (s). 10.00 News. 10.15 Once Upon a Time (s). 10.45 Revenge of the Turkey! (s). 11.00 Mary and the Incarnation (s). 11.15 Incredible Flutters (s). 11.30 Diary of a Provincial Lady. 12.00-12.15 am* News; Weather. 12.33 Shipping Forecast.